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BUSINESS
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BUSINESS WEEK



RAW-HILL
UBLISHING
PANY, INC.

CENTS

YELLOW TIDE—Europe's floating gold, coming in with every liner, has been the most tangible evidence for U. S. business of Europe's crisis.

UNIVERSITY OF MICHIGAN
GENERAL LIBRARY
ANN ARBOR MICH

Mack sells Colonial Sand
and Stone Company, Inc., of New York City

66 new Mack Trucks powered by
Cummins Diesels
for New York City operation where the
average daily runs are only 35 miles.

Colonial purchased *62* additional
Cummins Diesels to replace their old
gasoline engines. They now own a
total of... *128*

CUMMINS ENGINE CO., COLUMBUS, INDIANA

CUMMINS
Dependables
DIESEL

PIONEER IN MODERN DIESEL DEVELOPMENT

DOWN GOES THE DEATH RATE *for TRUCK and BUS TIRES*



New Goodrich Tire Lasts Much Longer Because It Runs Cooler

Here is a new way you can secure greater truck tire mileage, lower costs, and greater safety, at one and the same time!

All because of a new kind of tire cord — brought to you in the Goodrich Triple Protected Silvertown. This cord — called Hi-Flex — is smaller in diameter than ordinary cord, more compact, more elastic.

NEW KIND OF CORD!

Under constant flexing, ordinary cords usually stretch, increase in length, take a permanent set. That's what causes tires to "grow," to become flabby, and eventually to fail. Hi-Flex Cord stretches — yes — but because it is more elastic, it comes back alive! Returns to its original length.

It retains its strength and elasticity under the terrific pounding on the high-

ways. And because Hi-Flex provides strength without bulk, the whole tire is more compact. And it therefore runs COOLER. The sizzling temperatures which kill off so many tires just don't develop!

TIRES TRIPLE PROTECTED

Only Goodrich gives you Hi-Flex Cord — and only Goodrich gives you the combination of these three features which, working together, lick load problems, lick speed problems, and practically eliminate sidewall breaks:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

TESTS PROVE CLAIMS

This amazing new Triple Protected tire has been tested on tire-killer runs. Tested

where they said no tire could last more than a few thousand miles. But the new Silvertowns took it on the chin, ran two and three times longer than the best tires used before! Set records which old-time tire men said were almost unbelievable!

NO EXTRA COST

Why not start saving now? Put these same tires on your trucks. Try them on your toughest haul. Save on every mile. They are premium-built tires but they carry no premium price! Just call a Goodrich dealer for prices.



Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

FORMICA "COLFITE" *impregnated with* "dag"



The shape of FORMICA "COLFITE" parts intrigue the layman but to engineers the bearings, bushings, washers and arms made of this material are invaluable. While withstanding the diversified speeds, pressures and forces of mechanical movements, they provide ready action and stable performance in mechanisms like steering gears, pumps, distributors and centrifuges.

The FORMICA INSULATION COMPANY, manufacturers of "COLFITE," solved the accompanying problems of lubrication with "dag" colloidal graphite.

ACHESON COLLOIDS CORPORATION
PORT HURON, MICHIGAN

Formica uses "dag" in their product. Can you similarly use this material's versatile properties? Write for Technical Bulletins 260B and 270A.

Thus, "dag" impregnated in fabric imparts to the hot pressed resinous forms the non-oily yet unctuous graphite so necessary to later dry lubrication.

Colloidally fine graphite particles being conductive, inert and heat resisting similarly impart their useful qualities to felt, leather, asbestos, paper, lining and gasket materials. Where desirable "dag" colloidal graphite forms tenacious surface coatings on numerous substances by dipping, spraying or painting, thus further demonstrating the versatility of "dag."

dag
COLLOIDAL
PRODUCTS

THIS BUSINESS WEEK

INFORMATION, PLEASE

YOUR EDITORS GET THEIR SHARE of what Westbrook Pegler calls "Dear sir, you cur" letters. And the mail is not without those paeans of praise which some publications coyly print to seduce less appreciative readers—you know: "I never miss an issue. . . . read cover to cover. . . . greatest thing ever published. . . ."

And, of course, we get a rather amazing amount of mail from readers who are writing simply for business purposes. They want supplementary information on something we have published, or dope on a subject that has not yet appeared in print.

But there is one kind of letter we get far too few of. For want of a better term, we'll call these suggestion letters. Suggestions of a type of coverage you'd like and we're not giving you enough of; suggestions that you could do without certain departments; suggestions that you'd like a different kind of pictures; suggestions on even such matters as physical appearance of the paper.

If each of *Business Week's* readers were to write us that kind of letter, there's no doubt of it, we could give you better service. Or, if we could visit each of you in his office, talk with you for just half an hour, good would certainly come of it.

But we can't expect each of the several hundred thousand business men who have access to *Business Week* to take the time to write to us—though we appreciate all offerings. And it's a physical impossibility for us to get around and call on all of you—though in the course of a year, while out getting stories, the editors do meet a good many of you.

So, as the next best thing, what your editors are doing is to arrange a meeting by proxy. *Business Week* has hired a group of intelligent young men whose mission in life now is to act, not as news-gatherers, for we have our correspondents throughout the country, but as the editors' personal representatives

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A McGRAW-HILL

PUBLICATION

in making calls on you, and, later, as your representatives in making calls on us. Some of you have already been called on. Last week the proxies, representing you, called on us for the first time.

One of the men had just come in by airplane from the Southwest, where, for several weeks, he had spent his time chatting with *BW* readers. Another had been in the Northwest, one in the Middle West, one in New England, another in the South. For five hours they talked, telling us what readers throughout the country are thinking, what they like about *Business Week*, and, more importantly, what they don't like. Then, to give body to the discussion, each of the men was made "publisher" of *Business Week* for an hour. He spent the hour telling us the changes he contemplated making in the publication as the result of his talks with *BW* readers.

These men are going back for more calls. Naturally, again, it is physically impossible that they call on all of you. But, if one of them drops into your office and you are free, we think it will pay you, as well as us, to see him briefly. Eventually, when the information these men succeed in gathering has been winnowed down, we think that it will result in a better *Business Week* for you.

In the meantime, if you feel like it, we'd be glad to have a "suggestion" letter. No holds are barred. You're at perfect liberty to start, "Dear sir, you cur—."

INDEX—OLD AND NEW

EVIDENCE OF THE WIDE PRACTICAL USE of *Business Week's* Index of Business Activity piles up on the heels of the Special Report to Business Executives (*BW*—Sep 17 '37, p35) announcing revision of the index. Letters re-emphasize the fact that the index is used as a basis for various types of business contracts, ranging from percentage leases to compensation contracts. If you have been using the index in that way in the past, you should take particular note of the fact that the basis of the index was changed Sept. 17. Prior to that it expressed the relation of business to a "normal" trend line, based on the country's industrial and population growth. On Sept. 17, the index was revised to a 1923-25=100 base. Thus, the "thermometer" figure this week—at 89.4—means that business activity is 89.4% of the 1923-25 average—and not 89.4% of a statistically computed "normal." For those who have uncompleted contracts based upon the old index, *Business Week* is prepared, for a limited period, to make a special arrangement to privately publish and circulate the old index based on "normal."



AMERICA'S BENEFICENT PARADOX

MACHINES replacing men—yet more men put to work! This is the startling paradox which is at the root of much of America's progress. For although machines are doing jobs that would require many times as many men to do by hand, yet the number of factory jobs has increased from 4 to 8 million in the last fifty years. How is this possible?

Why has the number of jobs increased so greatly—faster than our population—while the use of machines has increased many fold?

Why? Because machines have multiplied the effectiveness of men's work. Costs of manufactured products have been so reduced that more millions of people have been able to afford them. And because more people have bought these manufactured products, more men have been employed in making them. That is why there are twice as many factory jobs today as there were fifty years ago, and, in addition, millions of other new jobs selling, shipping, and servicing the new products. Throughout America, machines are enabling men to produce more with less effort, to earn higher wages—to have more of the good things of life.

General Electric scientists, engineers, and workmen, by applying electric power to the machines of industry, have done much to make this progress possible. Their efforts today are directed to the task of bringing about still higher living standards.

G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric

GENERAL  ELECTRIC

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The
K E Y S
you Love to Touch...



Underwood

perfectly controlled
by Dual "Touch Tuning"

"TOUCH" gives your secretary an easier typing day; it gives you increased typing production, finer, cleaner-cut typemanship and safeguards you against those late afternoon errors that usually are the result of typing fatigue.

Typists love the "touch" of the new Underwood Master because years ago Underwood discovered that "touch" was as individual as a thumb print and then did something about it.

Thus, on the new Underwood Master each of the forty-two keys is individually tuned to the finger tips of the typist . . . adjusted to her individual typing habits.

The New
Underwood
Master

For your choice . . . the Standard, the Noiseless or the new Master, with Dual "Touch Tuning", Sealed Action France and Champion Keyboard.

And then, as an added feature, the typist can control the tension of all keys at will by the mere flick of a finger.

So, let your secretary select the new Underwood Master for "touch" while you select it for stamina and dependability. Underwoods always stand up . . . never take too much time out for repairs. For a free trial telephone the nearest Underwood Branch.

Typewriter Division
UNDERWOOD ELLIOTT FISHER COMPANY
Typewriters . . . Accounting Machines . . . Adding Machines
Carbon Paper . . . Ribbons and other Supplies
One Park Avenue New York, N. Y.

Sales and Service Everywhere.
Underwood Elliott Fisher Speeds the World's Business
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NEW BUSINESS

BREAKFAST PAPAYAS

HAWAIIAN INTERESTS are about ready to announce that the way has been cleared for shipment of fresh tropic papayas to the Mainland in commercial quantities. This means added competition for growers of grapefruit, oranges, and cantaloupes because papayas, chiefly a breakfast fruit, will lead a procession of other tropic fruits onto American tables. Chief obstacle to shipping tropic fruit has been the problem of eliminating tropic insect and disease pests before export and import, but methyl bromide fumigation before shipment lacks that. Fresh papayas (whose juice has been shipped heretofore mainly as a tenderizer for meat) will be sold on the Mainland at prices to compete with cantaloupes. Promotion will feature "a new flavor experience" for eaters and will claim that pepsin in papayas aids digestion.

SUMMER ANTI-FREEZE

HAVING established through extensive research that its Zerone (methanol-base) anti-freeze assists internal combustion engines to get rid of their unwanted heat more quickly than plain water during summer as well as winter—and meanwhile acting as a potent rust-preventive—the Zerone Division of E. I. du Pont de Nemours & Co. prepares even now for next summer's sales. First step is a movie, "Cool Heads," filmed in cooperation with Audio Productions, Inc., Long Island City, which shows how additions of Zerone to automotive cooling-water improves engine performance, reduce knocking and ping-pong. Next step will be to show the film to 5,000 or more wholesalers' salesmen.

FEATHER BRAND

BALSA is about to be exploited on a bigger scale than ever by the newly formed International Balsa Corp., with headquarters in Jersey City and mills in Guayaquil, Ecuador. Promotion will fly the banner, "Feather Brand Balsa, the World's Lightest Wood," and will feature technical service to users and fabricators everywhere. Paradoxically enough, International is an affiliate of Lignum-Vitae Products Corp., whose wood is one of the world's heaviest.

AGENCY EDUCATION

STARTING OCT. 3, the second season of the Newcomb Lecture Courses will seek to cover the seven functions of modern advertising agencies in seven weekly lecture courses under the chairmanship of seven representatives from seven leading agencies. Subjects range from typography to sales promotion and merchandising to modern

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photography to public relations. Each course lasts seven weeks, costs \$10. General direction will be provided by Robert Newcomb and Associates, publications consultants, 56 W. 45th St., New York.

HELP PREVENT THE BLIND

NATIONAL Society for the Prevention of Blindness, 50 W. 50th St., New York, issues a public call for (1) information concerning new industrial eye hazards, (2) recent, significant statistics on occupational sight hazards, (3) photographs showing such hazards, methods of protection, and—most importantly—(4) information concerning methods of eliminating, counteracting, or alleviating accident and disease hazards to eyes. Object is immediate revision of the society's handbook, "Eye Hazards in Industrial Occupations."

N.Y. STATE CHECKS

BANK checks drawn by the sovereign State of New York will henceforth bear the slogan, "The State That Has Everything," and will carry pictures of Niagara Falls, typical lake and mountain scenes, Saratoga Spa, and Jones Beach. Advertising and public relations ideas therein contained have already been used by business organizations, may be expected to receive wider business exploitation.

POTATOES INTO STARCH

POTATO fields of Aroostook, Me., may soon be providing the starch products which New England's textile industry has had to procure elsewhere. Aroostook Potato Products, Inc., intends to produce types of starch never before produced in this country; New England Starch Co., a subsidiary of Morningstar, Nicol, Inc., will be able to handle 2,000 barrels of potatoes daily, giving it a maximum daily capacity of 20 tons of finished starch. Both companies will be located in Houlton, Me.

TEXTILE HANDBOOK

Few industries do not use textiles of one kind or another. Timely therefore is the issuance by Wellington Sears Co., industrial textile specialist, 65 Worth St., New York, of a thorough revision of "Handbook of Industrial Fabrics," by Prof. George B. Haven, who heads up M.I.T.'s textile research. Price \$2.

GOVERNMENT SPONSOR

DEPARTMENT OF COMMERCE is accepting sponsorship of a plan whereby each principal industry will supply feature motion picture films dramatizing the history, processes, achievements, and ideals of that industry. Object, foreign circulation. Frank R. Wilson, assistant to Sec. Roper, is currently approaching various industry associations by mail.



Dividends are assured... management is in line for bonuses... directors have expressed satisfaction.



Plant operating at capacity... deliveries going out on schedule... profits good... prospects splendid.



Fire strikes in the finishing room... damage—about \$2,000... production held up for 10 days while new equipment is installed.



Production schedules collapse... 2 big seasonal orders cancelled, because of failure to meet stringent delivery requirements... Result—a substantial operating loss.

Little fires cost big money. LUX carbon-dioxide extinguishers kill electrical and flammable liquid fires faster than any other known extinguishing agent.

Lux harms neither men nor materials. Lux portable extinguishers or Lux Fixed Systems are specified for protection of heavy electrical equipment, of lacquer hazards, of vats, chemical processes.

There's very little loss when a fire's snuffed out in a few seconds. Lux will do that job for you.

Free brochure, "Lux Makes The Difference" tells how Lux protects profits. Write today.

Walter Kidde & Company

325 West Street, Bloomfield, N. J.



"I OWE SO MUCH to men I've never met"

"YES, men I've never met are changing my whole world for the better each passing day. They are the men who make and mold *plastics*, serving me in countless ways.

"Thanks to them, our family car is a *safe* car. A transparent Monsanto plastic in the glass makes it safety glass, guarding us every mile we ride. And throughout the car, from the colorful knobs on the instrument panel to molded gears down inside its workings, I can see that plastics play an important part.

"In my home, Monsanto Plastics serve me in every room... that beautiful radio cabinet on my bedroom table, the gay new clockcase, those new lamps in harmonious pastels, even the handle of my percolator... *plastics every one!*

"Everywhere I turn, I am reminded

of the thanks I owe these unseen friends of mine. Each day, they bring new beauty into the things I use, the things I wear. And grandest of all, they've made many of these smart new things cost less instead of more!

"I think these friends I've never met are *everybody's* friends. Don't you?"

Note to Executives

Do you *know* what a new interpretation of plastics might mean almost overnight in your industry? You may be the pioneer of a new, highly profitable idea in your own field... or you may find a means to better service for your present manufacturing needs. Our trained, practical

staff can give you the answer, completely, factually, without obligation.

Monsanto Plastics are available for an infinite variety of uses. Including cellulose acetate, cellulose nitrate, vinyl acetate and cast phenolic resin, they are supplied in sheets, rods, tubes, slabs, continuous lengths, molding powder form and also in special shapes cast from the phenolic resin. Their color range covers the spectrum—their configurations are limitless.

Your letter addressed to our Plastics Division at Indian Orchard, Massachusetts, will bring specialized information on Monsanto Plastics best fitted to *your* need.

MONSANTO PLASTICS

PRODUCTS OF MONSANTO CHEMICAL COMPANY

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—The President's commission to rail management and labor executives to prepare a legislative program for Congress that will cope with the situation anticipates his intention to avert a wage cut, but rail labor officials won't take anything for granted. This became evident when Brotherhood representatives balked at participating in any conference with the managements until the wage issue is settled.

Roosevelt's strategy was to justify his stand against a wage cut by holding out the prospect that a more fundamental remedy for ills will soon be forthcoming. The President will proceed next week to the appointment of an emergency board to consider the wage controversy. As the board's report will be due on the eve of the November elections, the White House appointee-member will be under great constraint to find against a wage cut.

ICKES' LAST \$100,000,000

PWA GOES into the final week of its pump-priming program with only \$100,000,000 left in the \$750,000,000 kitty and ample applications already in Ickes' hand to take all of it. Few, if any, large "super-projects" such as Chicago's subway and Maryland's bridges will get approval but there's still a chance for New York's Battery tunnel.

Cities which don't act promptly in accepting allotments will lose out. Deadline for applications is Sept. 30 but this date will not block subsequent shifting of allotments among projects that succeed in getting in under the wire.

FLOODED OUT

HAGGLING SINCE 1936 between Roosevelt and New England governors on a flood control program left them unprepared for this week's emergency. The New Deal will be rapped for letting its power-hunger delay construction of needed reservoirs that would have materially lessened the damage. Not involved directly in the power issue, protection for the coastal area hardest hit in this week's flood will be pushed.

WHITE SPANKS PRESIDENT

AFTER taking the President on his knee in an off-record talk before the National Press Club this week, William Allen White moved into the spotlight of the International Management Congress and a national radio hookup

to put part of it on the record. Both capital and labor need their heads knocked together, said the Sage of Emporia, Kan., and he added that the job of getting them together must be done so far as possible "outside party politics." He put it all in a nutshell: "This is a middle-class country, and the middle class will have its will and way."

OPPOSE STATE SUBSIDIES

STATE SUBSIDIES for industry in an effort to equalize freight rates will produce a situation infinitely more con-

Spokesman for the Carriers



CARL R. GRAY, Union Pacific's vice chairman, and head of the group that the President sought to prevail on this week to devise a program for the railroads' salvation, is the management spokesman so far as the White House is concerned. Gray was promoted into the President's confidence by W. Averell Harriman, U.P. board chairman and longtime friend of Roosevelt. In dabbling with the railroad situation, Roosevelt has pointedly ignored the Association of American Railroads, the carriers' policy-guiding organization.

founded than competitive subvention of shipping by the various nations, in the opinion of some of the leaders participating in the U. S. Chamber of Commerce Transportation Conference. They hope to work out something that will check this development.

FINDING "MONOPOLY" FACTS

THE COMMERCE DEPARTMENT will not figure importantly in policy-making that evolves from the monopoly investigation but its fact-finding activity

will be extensive. As outlined by Assistant Secretary Patterson and Willard Thorp, his chief of staff borrowed from Dun & Bradstreet, the department will investigate the workings of the patent system, the relationship between size and financial experience of companies through period of changing business conditions, the fixed capital position of large and small enterprises, the development and survival of new enterprise, extent of absorption by merger, extent of large scale operation and concentration and its influence on cost, income, technical progress and other factors, the nature and extent of partial concentration through trade associations, cooperatives and other groupings, and the extent and degree of various methods of control such as resale price maintenance, exclusive agency, joint advertising and the like. All pretty solid stuff to wade through but important.

PUNISHING WAGNER VIOLATORS

PROSPECT FOR AMENDMENT of the Wagner act in the interest of employers, though real, also must reckon with the La Follette Civil Liberties Committee. The La Follette outfit probably will recommend slapping on criminal penalties for violation of the law. Left-wingers count on the committee's report of its investigation into violent suppression of collective bargaining rights to prevent modification of the law from being carried too far.

HEAT ON BUILDING

BUILDING COSTS again are getting attention in Washington. With a little judicious exaggeration, reports of a rising tendency are designed to keep costs from pushing up further.

This is tough medicine for those material producers who claim that their prices have not increased, particularly since increasing labor costs are an important factor, but the object is to prevent interruption of the current upswing in home building attributed by Administration officials to talking prices down a year ago.

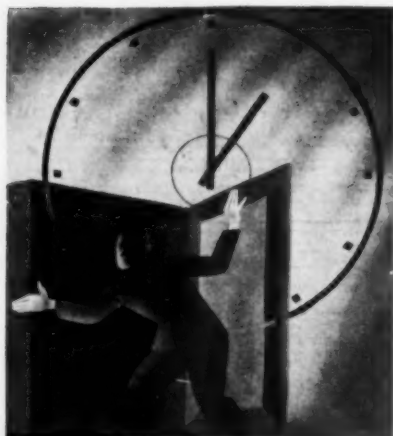
Increases are more prevalent in the South than elsewhere, according to the Federal Home Loan Bank Board.

STEEL WAGE SCHEME

FREEZING WAGES as is on steel produced for government contracts is the desire and probable decision of the Public Contract Board, which has been mulling over the issue for weeks. The board will recommend minimum rates for geographical areas.

In each zone the rate will be that now paid to a majority of employees,

**MORE PROTECTION
AGAINST THIS . . .
PLUS A SHARE IN
OUR PROFITS!**



Embezzlement is a fact. A harsh one — a surprising one to every employer who finds it in his business. And the only protection is a Fidelity Bond.

The new American Mutual Fidelity Bond provides broad coverage against this type of loss. In effect 24 hours a day — Sundays and holidays included — it protects against an employee's dishonesty as well as acts of dishonesty.

In addition to broad coverage, American Mutual policyholders have the opportunity to save on the cost of the bond — through cash dividends that for 50 years have been 20% or more each year.

American Brake Shoe & Foundry, American Hide & Leather, Callaway Mills, Columbian Rope, National Candy, and Tubize Chatillon Corporation . . . are among the Fidelity Bond policyholders of this first American liability insurance company.

Let us send you by mail a portfolio covering recommendations for your firm's individual requirements. No obligation. Address 142 Berkeley St., Dept. 106, Boston, Mass.



**American Mutual
Fidelity Bonds**

Chosen by America's Leaders Who Save With Safety

**AMERICAN MUTUAL LIABILITY
INSURANCE COMPANY**

56 branch offices. Savings of 20% or more have also been made on Workmen's Compensation and almost every other line of liability insurance.

thus evading the issue of a differential between large and small mills. In zones where a higher rate prevails than is paid by small companies, the latter will be allowed to file exemptions.

WHERE F.D.R. GAINS

EVEN IF JOHN O'CONNOR, New York Congressman, wins the election in November from James H. Fay, New Deal candidate, Roosevelt will be stronger in the House Rules Committee, which "obstructed" so much of his program in the last two years. One of the obstructionist members, Rep. Driver of Arkansas, has already been defeated. If O'Connor should be elected as a Republican, the battle would then be over whether he could retain his Democratic chairmanship of the Rules Committee.

Assuming O'Connor's elimination, there will be two Democratic vacancies on the Rules Committee. There may be others due to fatalities in election. Republicans have only four members, all of whom seem to be safe.

NEW DEAL TEST

FILLING OF THE DEMOCRATIC VACANCIES is so important, however, that it may precipitate a test at once between the Southern conservatives and the New Dealers, with the Administration stronger in the present control of the House, though subject to the danger of a walkout by the Garner adherents, most powerful of whom is Sam Rayburn, Democratic leader of the House.

With O'Connor out, there's no doubt that the President will have a friendly chairman, as the House seldom fails to promote the ranking member to the vacancy. Ranking Democrat after O'Connor on the Rules Committee is Sabath, of Illinois, 100% New Dealer.

AAA DEFENDER

THE ADMINISTRATION is mobilizing a heavy battery of legal talent to defend the 1938 Agricultural Adjustment Act from attack by tobacco growers as unconstitutional. Safety man is young Bob Shields who, insiders freely admit, is probably the only man who knows the law inside and out.

AAA's strategy will be to narrow down the issue. Doubt will not linger long as the case will go direct to the Supreme Court from the 3-judge court that took it in hand this week at Valdosta, Ga.

BRITAIN WANTS BRANCHES

RECOGNIZING that unionization and wage-hour legislation will increase manufacturing costs in this country, British interests are renewing their efforts to secure branches of American concerns interested in export trade.

Their argument is that lower produc-

Hot Farming

ORDINARILY Kansas wheat farmers don't use enough fertilizer to put in your eye but AAA is investigating reports that quite a few growers who have signed up for the 1938-39 acreage cut are nitrating planted land to beat hell and Wallace. AAA officials point out that, with wheat now selling at 50¢ a bu., such farmers are taking a long shot on a substantial price increase and by trying to beat the game this way add to the surplus that brings down the prices. Cotton farmers have tried it. How much effect the artificial boost in production had on price is debatable, but they aren't very happy about the price they are getting now.

tion costs and stable labor conditions furnish a hedge against conditions in the United States. No large outlay of capital is required as newly-built factory buildings may be rented. Even steam may be purchased by the month.

YES-MEN'S FUTURE

THE FIVE Democratic Senators who stood by the President on the Court bill and all other controversial issues but failed to get renominated are not a serious problem. Sen. McAdoo can make more money practicing law. Sen. Berry bit the hand that spanked him after he was thrown to the wolves on his marble claim—hence gets no recognition. Sen. Pope probably will hang out his shingle in Washington. Sen. Hitchcock of South Dakota will be rewarded. Best opinion is that Sen. Brown of New Hampshire will also be in the patronage line after election, with a distinct possibility that Sen. Bulkeley of Ohio may also need a federal berth.

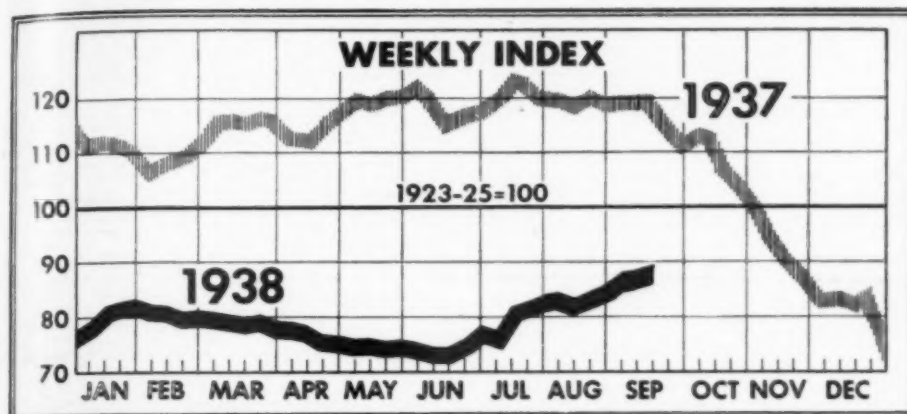
FEDERAL AIRPORT AID

A SURVEY of the airport situation, to be made by the Civil Aeronautics Authority in response to the Congressional request for its views as to whether the federal government should continue to participate in development, will produce an affirmative recommendation when the report is due next February.

Since April, 1935, the government has spent \$89,500,000, mostly through WPA, on airport construction and some minor airway improvements and is going ahead at a rate of \$30,000,000 a year.

With bigger and bigger planes and further extension of routes under CAA's administration, the government's outlay for airport development will expand rather than contract. The national defense angle also will be paraded.

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

Latest Week	89.4
Preceding Week	188.3
Month Ago	84.5
Year Ago	116.6
Average 1933-37	91.7

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1933-37
*Steel Ingot Operation (% of capacity)	47.3	45.3	42.4	76.1	52.2
*Automobile Production (Ward's Reports)	16,100	17,485	23,940	30,150	35,103
*Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands)	\$3,784	\$3,513	\$3,475	\$2,779	\$1,947
*Engineering Construction Awards (Eng. News-Rec. 4-wk. daily av. in thousands)	\$10,456	\$9,398	\$9,645	\$7,305	\$5,606
*Electric Power (million kw.-hr.)	2,215	2,048	2,139	2,281	1,915
Bituminous Coal (daily average, 1,000 tons)	1,278	1,146	999	1,555	1,403

TRADE

*Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	70	69	63	82	74
*All Other Carloadings (daily average, 1,000 cars)	38	39	35	53	46
Check Payments (outside N. Y. City, millions)	\$3,842	\$3,260	\$3,817	\$4,735	\$3,664
Money in Circulation (Wednesday series, millions)	\$6,550	\$6,579	\$6,465	\$6,554	\$5,834

PRICES (Average for the week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$4.65	\$4.63	\$4.65	\$1.07	\$1.08
Cotton (middling, New York, lb.)	8.16c	8.03c	8.37c	9.00c	10.99c
Iron and Steel (Steel, composite, ton)	\$36.50	\$36.50	\$36.49	\$40.19	\$33.92
Copper (electrolytic, Connecticut Valley basis, lb.)	10.313c	10.135c	10.125c	14.000c	10.067c
Moody's Spot Commodity Price Index (Dec. 31, 1931=100)	144.0	143.7	143.3	192.9	166.8

FINANCE

Bond Yields (Standard Statistics, average 45 bonds)	5.95%	5.99%	5.80%	4.77%	4.83%
Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	.80%
Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate)	.75%	.75%	.75%	1.00%	.95%
Business Failures (Dun and Bradstreet, number)	232	161	218	139	184

BANKING (Millions of dollars)

Total Federal Reserve Credit Outstanding (Wednesday series)	2,596	2,592	2,587	2,598	2,480
Excess Reserves, all member banks (Wednesday series)	3,130	3,030	2,927	880	1,573
Total Loans and Investments, reporting member banks	20,964	20,842	20,632	22,232	20,257
Commercial and Agricultural Loans, reporting member banks	3,905	3,888	3,900	4,758	#
Security Loans, reporting member banks	1,300	1,245	1,210	2,008	#
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	9,464	9,447	9,302	9,250	#
Other Securities Held, reporting member banks	3,165	3,154	3,107	2,933	#

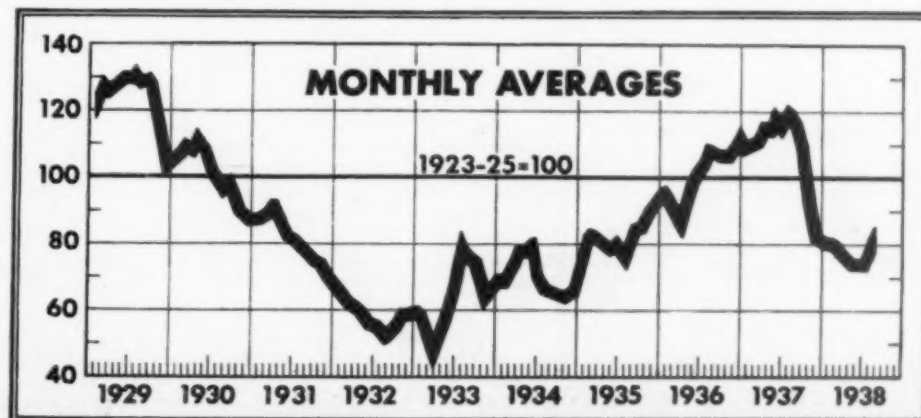
* Factor in Business Week Index. * Preliminary, Week Ended Sept. 17.

† Revised.

‡ Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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NEW TIMES REQUIRE NEW METHODS IN YOUR BUSINESS, TOO

The greased patch and grooved barrel of the Kentucky rifle—inventions that made the arms of Europe obsolete and changed the history of America—seem simple and obvious today. Yet new ideas and new methods just as revolutionary may be in the making in your industry now.

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studies and analyses made by SANDERSON & PORTER to be helpful in adapting their policies to changed

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BUSINESS WEEK

SEPTEMBER 24, 1938

THE BUSINESS OUTLOOK

As England and France surrender to Hitler and desert Czechoslovakia, peace gains a respite—and this helps American business.

Steel operations may rise sharply.

THE NEWS OF THE PAST WEEK has been the Anglo-French surrender to Germany's demands followed by the surrender of Czechoslovakia, left without allies. Whether this means that the European dispute will be settled without further violence and crisis seems doubtful in view of the animosities aroused and, above all, the multitude of questions left unsettled. The general trend has apparently been established, however—increasing power of Germany in eastern Europe and maintenance of peace through withdrawal by the western democracies.

Peace Helps Business

Whatever effects this course portends for the European economy and ultimately for world peace, there can be little doubt that its influence on American business in the year 1938 is constructive. The maintenance of peace today far outweighs, from the point of view of the American business man, the fear of future evils which may be involved.

Market Reflected Crisis

The stock market for three weeks has clearly reflected American financial and business opinion on the European crisis, dropping whenever war appeared nearer and rising whenever it moved further away. The recovery in the first days of this week when the allied powers backed down gave an excellent forecast of the probable action of industrial production itself. If domestic business can concentrate on its home affairs and on a stable peacetime foreign market, it should continue its recovery on a broad scale.

Indexes Trend Upward

Last week's indexes made a better showing than might have been expected from the severity of the European crisis had one not borne in mind that it was too early for any possible effects to be reflected in actual production figures. Shipments of merchandise as measured by daily carloadings were

lower than the week before, according to preliminary figures. On the other hand, production of electric power jumped to the highest total by far of the year to date and the best comparison by far with the 1937 figure. The trend in the other indexes was upward, even if less sensationally, and as a net

In The Outlook

A SUCCESSFUL SETTLEMENT of Europe's latest war crisis by the "deal" apparently put through this week should have an immediately constructive effect on business, as brought out on this page and in Money and the Markets (page 39). Its first repercussions in European markets are reported by *Business Week's* foreign staff in Business Abroad (page 43). Any settlement of the Czech issue leaves many other issues still unsettled, raises larger questions as to Europe's economic future than have as yet received adequate consideration. Turning to these, *Business Week* has dealt with the cold facts behind the crisis in its editorial (page 48), highlighted them graphically in the revealing chart on page 42.

result the *Business Week* index of business activity advanced a full point.

Steel and Power Up

Nor is there any indication as yet that the hesitation which had been engendered in the industrial and commodity markets by the European crisis has affected production in the current week. Steel output has advanced two points, according to the American Iron and Steel Institute, to 47.3% of capacity, or the best level since the end of October, 1937. Electric power output is likely to be up again—the one statistical benefit to be gained from

continuous wet (and therefore dark) weather. This is, of course, of no significance as regards the business trend, but it will be interesting if business as a whole actually pushes through the crisis period without a statistical setback.

Steel Peak Near

There is currently much interest in how high steel operations can push in the next two or three weeks, which usually bring the seasonal peak. This industry inevitably occupies the center of the scene in a modern industrial economy.

Industries Buy Steel

There is at present an expectation of increased steel buying from several sources. The principal one is the automobile industry, the purchasing orders from which are calculated to add 10% or better to the rate of steel operations. The next most important source of assistance to steel is in the contemplated heavy construction; this industry alone could add 5% or more to the rate of activity. There is some increase in view from other miscellaneous industries, and even the railroads may give a little aid now that rail and track material prices have been cut.

May Reach 60%

Much of the buying referred to should be spread out over a period of months, but the immediate effect could be to raise steel operations to 50% of capacity in another week, 55% in two weeks more, and perhaps 60% before the winter decline sets in. The seasonal decline may easily prove to be less than usual, and a renewed bulge may occur next spring as the public construction season opens.

One Purge Victory

The New York City primary in which Rep. O'Connor was defeated for renomination by a New Deal Democrat represents the first (and probably last) actual victory of the Ad-

ministration's purge. It eliminates from the chairmanship of the Rules Committee (even on the unlikely chance of his election as a Republican) a man who had become adept at pigeon-holing reform measures. It will doubtless greatly encourage the young chief of the brain trust who directed the end of the campaign in New York City by marshaling the WPA vote and otherwise. Despite all this, the political swing on which business can count is still strongly, even if not uniformly, toward an independent Congress next year.

Monetary Factors Help

Meanwhile, the government's expansionary monetary and credit policy is more than likely to give business a steady forward impetus outweighing any restrictive influences which might be in sight from elections or legislation. The rise in bank deposits continues, and the cash deficit, although smaller in September due to income tax collections, will continue to exert its inflationary power.

Advertising Job

Opportunities to build good will for business are emphasized at meeting of industrial advertisers.

BROADER scope for broader advertising men was the theme that cropped out insistently at the sixteenth annual conference of the National Industrial Advertisers Association held at Cleveland, Sept. 21-23.

More than 700 industrial advertising managers, agency men and pub-



HOST—Stanley A. Knisely, advertising director of Republic Steel Corp., had the job of arranging and directing the three-day session of industrial advertisers.



IT WAS LATE IN JANUARY WHEN the old *Leviathan*—largest ship ever to fly the American flag—was tugged from the berth on the Jersey flats where she had rotted for three years, to begin her last long mile to a British yard to be broken up for scrap. Now, after eight months, all that remains is the gutted hull shown here, which is fast going into the melting pot. The British buyers paid \$732,000 for the *Levi*'s 48,943 tons, stand to turn a profit on the ship that was once Germany's pride, later America's, and whose steel now may be reincarnated in war armaments.

lishers, representing 17 chapters, heard Tom Girdler, Republic Steel chairman, kick off at the opening session with a declaration that business today is "face to face with the necessity for building public good will, not alone for sales but in order to preserve the very system of free enterprise under which we exist and do business." "Whether we like it or not," he concluded, "that is our big job today." Then Mr. Girdler put it up to his advertising hosts to carry their share of the business man's burden.

In his presidential address, Frank Wyse, of the Bucyrus Erie Co., suggested that his fellow advertising men take more interest in the other functions of their companies and Richard P. Dodds, of Truscon Steel, spoke for the advertising man who would be "first a business man and then an advertising manager." James H. McGraw, Jr., president of the McGraw-Hill Publishing Co., entered a plea that industrial management recognize the growing importance of its advertising, not alone to build sales, but also to help tackle the job described by Mr. Girdler.

Study Advertising Technique

The three-day conference was organized into sessions and clinics. Both of these delved deeply into advertising technique and the evaluation of advertising media. But throughout all the discussion of practice appeared the pur-

pose to handle advertising plans and jobs with closer attention to the problems of management.

This year the association tried out a new wrinkle in judging the advertising displays entered by its members. The usual juries of professional advertising men, expert in technique, were supplemented by additional juries composed of those to whom the advertising is directed.

Public Relations Plus

NEAT PUBLIC RELATIONS TRICK-OF-THE-YEAR is reported from LaGrange—home of General Motors' Electromotive Corp., producer of diesel-electric locomotives for the nation's streamliners. Townspeople for some time had been objecting strenuously to the noise caused by the testing of the giant locomotives. Very evidently the company was declining in the good graces of the noise-objectors.

It happens, however, that LaGrange is great "hunting country," particularly during the pheasant season, and that Electromotive owns something like 160 acres of "preserve." The company proceeded to stock the property with pheasants and then turned around and invited the townspeople to hunt to their heart's content.

Somehow or other the town seems to have forgotten about the idea of passing an ordinance against the testing of locomotives.

Too Much Gold Hurts America

Already we've got 53% of the world supply. If other countries keep losing their gold, they may decide to abandon the gold standard.

"THE RUSH is to the dollar. All over the world they want to buy dollars and the only way they can get dollars is by shipping gold. The attitude of the government is that if individual investors and governments and central banks want to send their money here in the form of gold, as a haven of refuge, why, we stand ready to buy it at \$35 an ounce."

That is the official attitude of the United States Treasury on the current stream of gold that daily pours into this country. It is the considered statement of Secretary of the Treasury Morgenthau. And it is a shed in a rainstorm to the beleaguered nationals of Europe who seek financial shelter from political and economic conditions abroad.

On a 24-Hour Basis

But as a policy, it cannot be set down as permanent. Just as in the early days of the Roosevelt Administration, this country's monetary program was on a "24-hour" basis, so must the present American plan of taking all the gold offered at a fixed price be considered on a 24-hour basis. For the hard facts of the matter are these:

1. Locked up in American under-

ground vaults are \$13,516,000,000 of gold—53.4% of the estimated world supply.

2. In the first 17 days of this month, \$379,000,000 of the above total came to these shores—at the unparalleled rate of \$22,300,000 a day.

3. If gold continued to pour into the United States at that pace, in 611 days this country would be sitting atop the total world supply—including all the monetary gold now held by foreign central banks and stabilization funds as well as all the metal mined during the period.

Fortunately, the United States is confronted with no such contingency—nor is it conceivable that this country's holdings of gold will ever approach the 100% mark. Long before such an eventuality, "steps" would be taken. But that does not imply that this country does not face a gold problem. For four years, a gold problem has come and gone with every disturbance here or abroad.

Back in 1934, the dollar was revalued and became the most important world currency on a fixed gold base. (Shortly thereafter, the franc was to teeter from its gold perch.) And because the dollar

Gold Score Sheet

THE CURRENT RUSH of gold to the United States—as a direct result of the Czechoslovakian crisis—aggravated further the problem of maldistribution of monetary gold. As the following table shows, the American hoard is overtopping:

Country	Gold (000,000 estimated world committed)	% of monetary gold
United States	\$13,516	53.4
Great Britain	3,689*	14.6
France	2,630**	10.4
Netherlands	1,008	4.0
Switzerland	690	2.7
Belgium	525	2.1
Czechoslovakia	93	0.4
Germany	29	0.1

* Includes an estimated \$1,000,000,000 in Exchange Equalization Account.

** Includes an estimated \$200,000,000 in French stabilization fund.

Since the spring of last year British holdings have increased slightly, but French gold stocks have declined more than \$200,000,000.

was tied to gold, the world used the dollar as a hitching-post in the foreign exchange market (*BW—Oct 17 '36, p. 13*). When Hitler began rearming in the spring of 1935, when the French budgetary crisis loomed later that spring, and when the Anglo-Italian tension developed over Ethiopia that fall, gold poured into the United States. Through 1936 and 1937, the flow of "hot money" persisted intermittently, and U. S. gold stocks rose accordingly (*BW—May 15 '37, p. 59*). Only when a measure of stability seemed achieved in central Europe, and American common stocks seemed less desirable late last year and early this year, were there any signs of abatement.

Capital Flees to U. S.

And when this year Hitler began prodding the Sudeten Germans in Czechoslovakia into belligerence, the stage was set for a rush of gold to the United States. Industrial activity had made its low in May—from the precipitate slump last fall—and common stocks began to look attractive once again. European investors—always with an eye to profit—reconsidered this market. Then war tension increased last month and this, and foreign capital came flying over here. The franc had another one of its crises, and the British pound took tradition down a peg or two by tumbling through its old parity of \$4.86 with the dollar.

Stock markets, including New York's had bad cases of the jitters. And this country became the only strong financial haven which seemed aloof from

After "the Bloodless Verdict of the Market Place"



SWEEPERS at the New York Stock Exchange were kept busy this week cleaning up the debris of one-million-share days. But after they got through, stocks were just about where they were before Hitler made his Nürnberg speech (page 39).

Philadelphia Tests New Road Markers



Wide World, Acme

A NEW TYPE of traffic marker, which would eliminate the usual white line which needs repainting from time to time, is being given a try in a busy Philadelphia street. The markers, made of a rubber composition, are said to be non-skid and to retain their color despite weather or traffic conditions. The inventor, F. J. Farrell, of Conshohocken, Pa., demonstrates the placing of one of the markers.

war. Out of it all, Sec. Morgenthau emerged with the greatest gold hoard in history. Great Britain's Exchange Equalization Account lost nearly \$500,000,000 of gold supporting the pound, and the French stabilization fund got down to an estimated \$200,000,000 or less from an original stake of half a billion.

In itself, one violent surge of gold to the United States would be insignificant. But when this country becomes a chronic receiver of gold—as it has been during the last four years—the situation then becomes serious. Only Great Britain and France today have substantial holdings of the metal, and their combined possession amounts to less than half the U. S. hoard. Each time this country's stock rises, its stake in the gold standard rises proportionately; and, as a corollary, each time the stock of British or French gold declines, their stake in the gold standard declines proportionately. And right there is the nub of the gold problem. The more gold we take from other countries, the less reason they have to stick to gold as a monetary medium. Yet, if we don't continue to take gold at the statutory quotation, gold loses its monetary value, becomes worth only its use in industry. And again, this country loses most heavily.

How Long Can U. S. Take It?

Yet, there are limits to this country's policy of standing "ready to buy at \$35 an ounce." Another European crisis and another flow of hot money here would raise a grave issue: How long can the United States support the gold standard by taking the metal in exchange for goods, services and common

stocks? Indeed, a European war might toss the whole gold standard overboard. That virtually happened after 1918. But this time gold might never come back. That's the gold problem.

Army and Industry

Manufacturers will receive "educational orders" for six military articles.

WASHINGTON (*Business Week Bureau*)—The War Department's "educational orders" committee, headed by Brig. Gen. Henry H. Arnold, agrees upon this year's program: 30 automatic rifles; 3" gun recoil mechanism; forging for 75 mm. shell; machining for the same; gas masks; 60" searchlight. This means that private manufacturers are judged most in need of experience on these "critical" operations, probably listed in order of importance.

Two million dollars will be spent in the fiscal year 1939 on these six jobs, more or less. If the money doesn't go around, some items will be dropped. If it is more than enough, then some will be added.

Under the new law, which for the first time in U. S. history permits deviation from the competitive bidding system, the committee is negotiating with manufacturers on not solely prices but "national interest" factors as well. Plants best suited for the work will be picked. This authorization was made in the Smith-Johnson act, last session. The program is intended to give manufacturers experience in making military supplies. It runs for five years, and undoubtedly will be renewed.

Bosses Ask 40c Hour

Battery manufacturers urge Andrews to set his maximum as their minimum.

WASHINGTON (*Business Week Bureau*)—Administrator Elmer Andrews fondly hopes that more industries will hit the sawdust trail, as the National Battery Manufacturers Association did last week, when it urged him to take immediate steps to set the minimum factory wage for the industry at 40¢ an hour—the highest he can go, under the wage-hour law. Opinion here is that his hope will be realized. High-wage, chiseler-infested businesses will rub on the "maximum minimum" wage as blue ointment for their parasites.

Speak for Most of Industry

The battery makers' membership list, as filed with the Bureau of Foreign and Domestic Commerce, shows them talking for about 90% of the industry. The average wage in the industry is 73¢ an hour. It has been suggested that some manufacturers may use the 40¢ minimum to club down this average rate, but the industry denies this. Andrews was openly pleased with his first voluntary convert. He said his administration could make much faster progress if some industries would take the maximum rather than go through the committee wage-fixing seesaw. (A committee must be appointed for the formality of recommending the wage, but it would take very little time.)

Andrews does not, of course, cast any blame on textiles, tobacco or any groups which in the future may contend deliberately for rates under 40¢. For if any curtailment of employment should result from governmental wage adjustments, the enemies of the labor standards law would weep—with joy.

Anxious for Law's Success

Business representatives here who feared a wage-hour tyranny observe now with satisfaction that Andrews is taking plenty of time and advice on the textile and tobacco committees; that he shows no sign of rushing in with a bludgeon anywhere. It is considered significant also that he makes no mention of going after the "Southern industries," notably lumber, which admitted paying 10 and 15¢, and which were cited no end by crusaders for the Black-Connery legislation. Certainly he will call on them eventually. But chasing those portable industries among the jackpine woods is going to be confusing, and Andrews will wait until his organization is sure of itself. He wants above all to make a success of the wage-hour law—and incidentally, of the administrator.

Cars: Sales Up, Prices Down

Automotive optimism over 1939 prospects rises as new models come out. Manufacturers are changing distribution setup, improving dealer relations.

OPTIMISM has been on a rising scale in the automotive industry during the past week or so as the dates for public introduction of new models have drawn closer. Executive estimates of sales increases for the 1939 season—which a month ago had run up to only 20%—now average around 25%.

From a price standpoint, car manufacturers are no longer making it a secret that 1939 price tags will show lower figures. In most cases, the question in the industry now is just how far prices should be dropped. Packard revealed this week that its super-eight will go down \$700 to \$800, its 120 will be slightly lower than this year, the six slightly higher. While Plymouth has already announced its reductions, other manufacturers are still largely jockeying for competitive position, and awaiting further price announcements before they release their own.

Under the circumstances, it is not unlikely that those who announce their prices early may have to re-adjust at New York show time in November. The difficulty is that shortage of new cars at some dealer points makes it desirable to release new cars for local introduction at such points just as soon as possible. For such a purpose prices of the cars must be set at least temporarily.

Quite a few manufacturers will stress "ride" as a major 1939 sales feature. Considerable work has been done in this direction by manufacturers although the actual changes resulting in ride improvement are not easily discernible.

Local Introductions Made

Pontiac joined Buick, Studebaker, Packard and Plymouth this week with enough cars in the field to permit local introductions, although national announcements are being held off until the second or third week in October. The Pontiac as well as the Oldsmobile line includes an eight in addition to two lower-priced sizes in each line. Ford is expected to include the new larger 116-inch wheelbase car in his announcement, which is due in October or November.

Crosley Radio Corp. last week took one more step toward entry into the automobile field with a low-priced car by issuing a special call to stockholders to vote on a change in name (dropping of the word "Radio").

Plymouth announced its new line to the public officially this week.

While new developments in the 1939 cars themselves are relatively minor, company after company is revealing changes in its distribution policies. Dealers are definitely going to get a better break. Outstanding developments include better territorial protection for dealers—generally accompanied by moderate infringement penalties—reduction in the number of dealers in multiple-dealer areas, better cancellation protection, and moderate increases in discounts. In the latter respect, car discounts are generally being increased around one or two per cent, volume discounts are being made to apply to sales of all cars of any model instead of being based on sales of cars of individual chassis models. Accessory groups are being returned largely to the higher "parts discount" basis, instead of being included in car discounts.

Dealer Policies at Nash

Perhaps most striking of the changes in dealer plans is to be found at Nash,

where William Brees, new general manager and sales head, is reviving some of the dealer policies he originated as head of General Motors' B.O.P. (Buick-Olds-Pontiac Sales Co.) a number of years ago.

Under this set-up, Nash will keep its dealers out of elaborate and costly showrooms to keep overhead down. There will be fewer dealers, probably, but sounder ones. Territories will be closed with infringement penalties. Service operations will be stressed to retain owner contacts over longer periods.

In general the changes in the industry's dealer relations now going on should make the final findings of the F.T.C. investigating body, operating under the Withdraw resolution, rather meaningless.

Truce in Auto Unions

Two C.I.O. leaders negotiate a nine-point unity plan with Homer Martin.

LITTLE DOUBT remained this week that the C.I.O. had met and passed one of the worst internal crises in its short history, with the announcement of a nine-point plan to restore unity among the United Automobile Workers "fac-

One Link Between C.I.O. and A.F.L.



GOV. HERBERT LEHMAN of New York, shown here as he arrived to address last week's C.I.O. state convention in New York City, is typical of the friends of both warring labor groups. Two weeks earlier he was the principal speaker at the state A.F.L. meeting, and made the same speech—a plea for unity and a sense of responsibility on the part of organized labor. He was roundly cheered by both meetings.

LABOR ANGLES

THREE MAIN TOPICS

AS THE FALL "conference" season gets under way, with industrial relations still a prime subject for management as in 1936 and 1937, delegates to the meetings report that three topics stick out above all others. They are seniority, Wagner act amendment, and wage-hour law interpretation. Concurrently, the subject of "independent" unions or employee representation plans, hotly discussed during recent years, has almost faded from view and in recent conferences is getting little or no play.

C.I.O. AND A.F.L. UNITY

UNITY PARLEYS between C.I.O. and A.F.L. now seem to depend on A.F.L. action at the annual convention (Houston, Tex., Oct. 3). Rank-and-file appeals for resumption of negotiations have come from the A.F.L. restaurant and hotel workers' convention, the typographical union's convention, and sundry city and state federation caucuses. Official C.I.O., discreetly silent, is ready to deal and hopes it won't be necessary to go through with the tentative plans for a national C.I.O. convention and permanent solidifying of the division.

WHITE-COLLAR UNION ACTIVE

THE FEDERATION of Artists, Engineers, Chemists and Technicians, white-collar union which moves quietly but steadily into new fields (*BW—Jun 4 '38, p. 38*), has opened negotiations with Chrysler in Detroit for designing engineers and is consolidating its organizational work in housing projects. Contracts have been signed between the F.A.E.C.T. and the Federal Housing Authority on the Queensbridge project in New York City, in the name of the Queensbridge Project Associated Architects. Organ-

ization of the Red Hook housing project in New York has been pushed, and negotiations have been opened with the state labor board.

ANTI-PICKETING LAW

WEST COAST LABOR is worried about the prospects of a state anti-picketing and union-regulating law, patterned after the Los Angeles ordinance which went over on Sept. 16 by 46,000 votes. The state initiative referendum, on Nov. 8, probably will see a heavy "pro" vote from southern California balanced against an "anti" total up north, where the unions are stronger.

PRaise REPORT ON BRITISH

THE REPORT on British labor policies by the President's commission (*BW—Sep 10 '38, p. 36*) has been collecting praise from all quarters—including the unions which didn't like the idea of a study when it was first suggested by the White House. The C.I.O., which was openly hysterical to the point of forbidding any of its people to serve on the commission, formally acknowledged the value of the report this week in the national bulletin of Labor's Non-Partisan League.

NEW YORK TRUCK STRIKE

WHAT ONE TRANSPORT STRIKE can do to strike fear into a big city was shown in New York last week, when rank-and-file members of three local teamster unions tied up a large part of the city's trucking. A better method of negotiation and mediation to anticipate and avoid such strikes in the future is being worked out by the city administration. Other cities will watch closely, because the same fear of a tieup of life's necessities haunts all big population centers.

tions." Although some factionalism yet remained and new strikes were pulled even this week, the best C.I.O. strategists available were firmly in the saddle and had the majority support to keep them there.

The program arranged by Sidney Hillman and Philip Murray, respective heads of the gigantic textile and steel unions, has been approved by Homer Martin, president of U.A.W., and also by his principal opponents in the recent intramural scrapping. It calls for U.A.W. autonomy but "unaltered loyalty and allegiance to the C.I.O.," for strict adherence to contracts, and for a temporary receivership directorate including Martin, R. J. Thomas (a U.A.W. vice-president), Murray, and Hillman. The immediate cause of the U.A.W. split, expulsion of four former

U.A.W. executives, will be reviewed by Hillman and Murray, whose decision will be final.

Business men will be most interested in the clause referring to observance of contracts. If this is enforced in the Murray and Hillman style (as Mr. Hillman assured *Business Week* this week that it would be), it will be very risky for U.A.W. locals to pull "quickie" strikes or step outside of contracts without getting permission from headquarters. Penalty will be suspension or other disciplinary action against the local or local leaders, if headquarters follows usual international union policy. Neither Murray nor Hillman has ever tolerated local rebellion against central policy.

During the next two or three weeks Hillman and Murray will take up the

cases of the four expelled officials, leisurely and with as little publicity as can be managed. Business observers who know that the rank-and-file support of the four men is very strong expect that reinstatement will be the final order. Prior to the next regular convention of U.A.W. (a year hence) the various adherents of Martin, Walter Reuther, and Richard Frankenstein will be trying to build each one up for the international presidency, with the winner in doubt until the tallies are made.

A sound over-all view, however, is that the two big C.I.O. leaders now are the actual commanders of U.A.W. Murray's connection is closer, inasmuch as his steel workers are more like automobile workers by trade and by geography, than Hillman's textile workers. It is therefore logical to assume that a Murray receivership will handle U.A.W. until order and routine are firmly established.

Forms Spot Network

World Transcription System starts with 28 stations, one to a market.

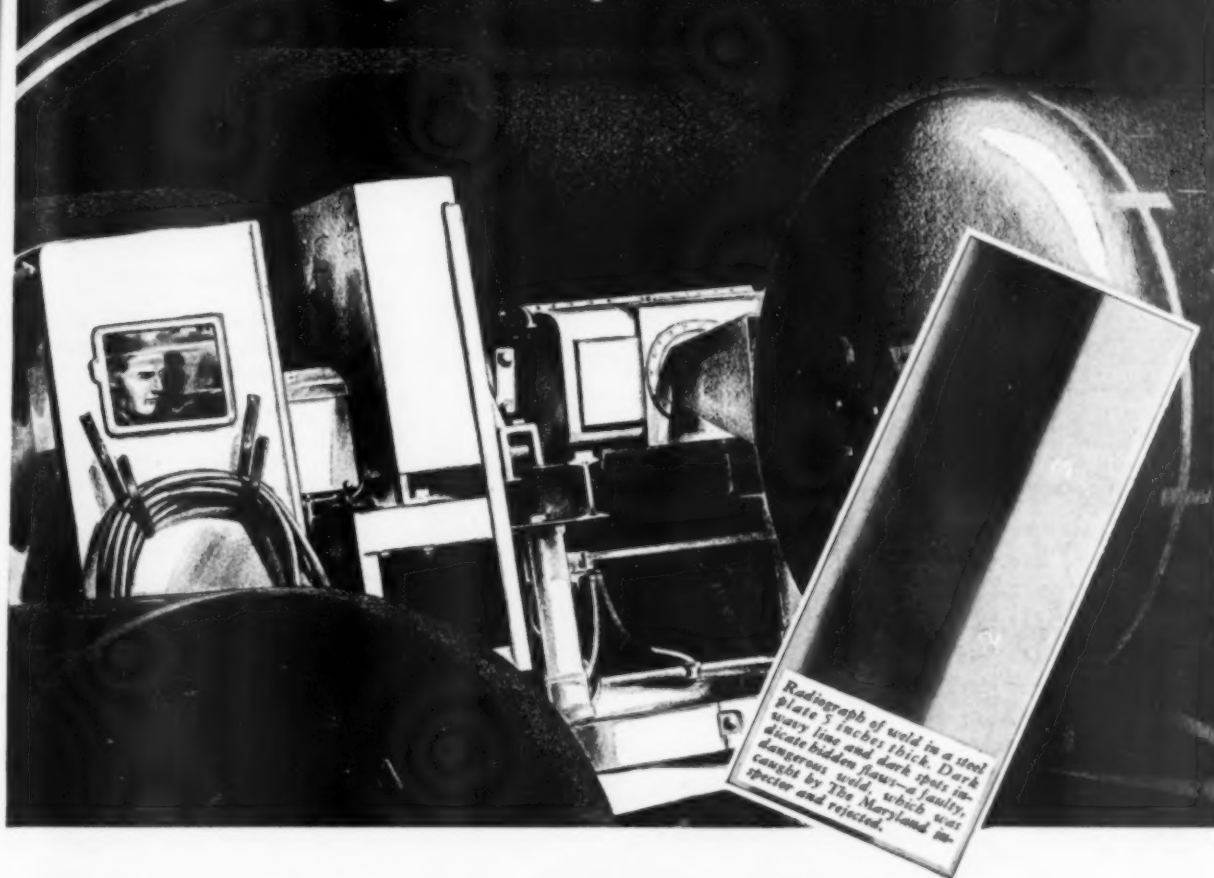
FOR NINE YEARS Percy L. Deutsch, president of World Broadcasting System, producers of radio transcription programs, has been mulling over the possibility of a radio transcription network. Next week, on Oct. 1, he puts one in operation.

The transcription network, known as World Transcription System, aims to do away with two of the problems that face advertisers who want to run spot broadcasting campaigns, make spot broadcasting campaigns as simple a procedure as a regular network campaign is now. Spot advertisers, under present circumstances, not only have to handle all the customary radio expenditures such as time and talent and the like but they've got the added burden of recording costs to think of. And when they figure out the stations they're going to use in the campaign they've got to sign them up one by one, pay them off the same way. WTS gives spot advertisers an opportunity to buy up a package of stations for a campaign, just as they would on a regular network, and in addition WTS builds the program and records it and the advertiser gets one bill for the whole works.

Must Use WTS Station in Market

The only thing WTS doesn't offer the advertiser is his choice of stations. He can select his markets, but he's got to use the WTS station in that market. If he wants to step outside the WTS stations, or the present markets which they

"Unforeseen events . . .
need not so often change and shape the course of man's affairs"



MEN WHO LOOK THROUGH STEEL

Time was when an inspector determined the final fitness of a steam boiler by his sense of hearing. He tapped it with a hammer—if it didn't sound right he would not certify it.

But in recent years industry has demanded huge boilers which will operate safely at high pressure and high temperatures. Riveted boilers wouldn't meet the requirements. Only welded boilers would do it. A modern method of scientific inspection was called for, because industry had to *know* that the welded boiler was flawless.

So today you find men of The Maryland boiler-inspection service actually *looking through* five inches of solid steel plate. Huge X-ray equipment, its beam so powerful that the operator

must work behind walls of lead, reveals flaws invisible to the eye.

This is only one example of how, in its fortieth anniversary year, The Maryland stays out in front with modern industrial development—works to thwart unforeseen events that might exact heavy toll in human life and property.

Certified boiler engineers inspect boilers and pressure vessels during construction. They also check regularly the boilers in industrial plants, public utilities, state and city institutions, apartments and homes as a regular part of Maryland service. Ask any of the 10,000 Maryland agents.

THE MARYLAND

MARYLAND CASUALTY COMPANY BALTIMORE

YOUR WORKMEN WANT WAGES— —NOT WASTE

Labor-serving is a more accurate description than *labor-saving*, for modern Warner & Swasey Turret Lathes. And best part of it is, they benefit you as well as your workmen, in these important ways:

- 1 Reduce scrap loss — often eliminate it entirely — because of greater rigidity, greater precision, better tooling. In one plant a new Warner & Swasey so reduced scrap loss that there was a 35% saving in material used.
- 2 Reduce operator fatigue because all controls are easy and convenient to operate, and many of them are automatic. Result is that operators appreciate the new machines and operator error is further reduced, your savings increased.
- 3 Reduce costs, which puts you in a better competitive position to get business and so helps you keep up your employment, wages and profits.

How much you and your workmen would benefit by new Warner & Swaseys can be determined by a study of your plant, before you invest a dollar. May we make it?

You can turn it better, faster, for less . . . with a Warner & Swasey



WARNER & SWASEY
Turret Lathes
Cleveland

cover, he pays his own production costs and signs up his stations individually as at present. For a starter WTS has 28 stations affiliated with it—one to a market. Its ultimate goal is 75 stations in all, which would cover all the principal markets in the U. S., and still leave only one station in each market.

Though WTS hasn't ironed out all the small details attendant on its operation—such as how recording costs can be charged off on campaigns which use only a small amount of time—it's able to charge off recording costs on the longer programs (15 minutes or more) by means of the 15% it takes from each of its affiliates for time sold.

New Ad Campaigns

Oil, milk, cigarette, liquor, yeast, coffee, and other advertisers plan drives.

IN THE FALL, after the summer slump is over, advertisers dig down in their pockets, start their agencies working on bigger and better new campaigns for their products. New campaigns, and new campaign slants are getting attention this fall. Here's a sample selection from those in the news.

In Boston the Texas Co. is running a "Treasure Hunt" campaign, based on dormant bank accounts. Copy is running in five Boston newspapers and on two radio stations, telling local citizens where there are unclaimed bank accounts, teasing them into going around to their local Texaco station where periodic bulletins are being posted giving complete details. If the campaign results in increased Texaco sales in Boston it's going to be expanded throughout the country.

In New York, Borden Farm Products started last month its first prize contest campaign, promising a \$1,000 mink or ermine fur coat to the woman who writes the best last line to an unfinished quatrain, and 149 other assorted prizes ranging from \$250 fur coats to 30 quarts of milk to runners-up. The first contest having ended Sept. 11, and proved successful, Borden's this week decided to try another, to last until Oct. 2.

Tests Media's Pulling Power

Horlick's Malted Milk Corp. is running a series of test campaigns in 78 newspapers, in national magazines, on spot radio, and on signboards to determine the comparative pulling power of various media and various copy themes for its malted milk powder and tablets.

Philip Morris, in newspapers for the first time this year (having previously concentrated strongly on radio, with a scattering of magazine ads) is running

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a campaign in New York City papers proclaiming that "We gain 4 to 1 over all brands combined." This campaign, too, may later be expanded to newspapers in other cities.

Themes of Liquor Ads

Liquor advertising this fall is all on the side of temperance. Gooderham & Worts, Ltd. is running a series of weekly newspaper ads through the year with the theme, "Be Sociable, But Be Sensible."

Calvert Distillers Corp. is taking the same tack in its campaign for Calvert's Reserve and Special brands, in newspapers, magazines, outdoor, and cards. Themes are, "Know how to make it—teach how to take it," and "A sound drinking tradition is returning to America."

The Jacob Ruppert Brewery in New York picks up the same spirit in its current campaign in New York newspapers, combining a direct-selling job with a public relations job, plugging the fact that any place that hangs out the Ruppert sign is a clean, wholesome, law-abiding place to which you can be proud to take the family for a drink of "the friendliest and gentlest of all alcoholic beverages."

Seagram-Distillers Corp. is running a "Salute to the States" campaign. Four-color double-truck ads saluting all the states started the campaign week in national magazines, and will be followed by full pages, monthly, saluting the states singly.

"High-Vitamin" Yeast Drive

Fleischmann's Yeast, which for the past several months has been running test campaigns for a new "high-vitamin" yeast, is supposed to be about ready to come along with a national campaign. Vitamins Plus, Inc., which puts out concentrated vitamins and has previously advertised through department stores and in a few class and women's magazines, is finding the vitamin market booming this autumn and is spreading its campaign out to general magazines. Each is keeping a cautious eye on the Federal Trade Commission's restlessness about vitamin advertising.

At the annual Associated Coffee Industries convention this week, the Pan American Coffee Bureau, after hemming and hawing for upwards of four years, announced that it would definitely start its first campaign this week. It's to run in both the *American Weekly* and *This Week*, as well as in national magazines, and will feature a series of true and false statements concerning coffee. Tying in with this campaign is an educational movie just completed by the American Can Co., a history of coffee called "Jerry Pulls the Strings."



BREAD CAST UPON THE WATERS

COMES BACK BUTTERED!

● AMERICAN business has a great story to tell, a sound basis on which to seek better public relations. It's a job that must be done. And every business organization large or small can do a constructive part of this job.

How? By contributing to better public and employee relations at home . . . within the organization . . . within the community. The Connecticut General "Protected Pay Envelope" Plan offers opportunities in this direction that no far-sighted employer or personnel executive can afford to overlook. This special coordination of group insurance benefits provides CONTINUITY of INCOME for employees in case of death, accident, sickness and retirement. It has proved to be one of the most constructive steps it is possible for a company to take in establishing better employee relations . . . and better public relations.

Write us today for a copy of "The Protected Pay Envelope" Booklet that explains this plan in detail.

Connecticut General
LIFE INSURANCE COMPANY
Hartford, Conn.

Life, accident,
sickness insurance,
annuities and all
group lines.



'INCOR' SCORES FIRST

IN NEW W.&M. STADIUM



**24-HOUR CEMENT
HARDENS 5 TIMES
AS FAST**

**SAVES TIME, CUTS
BUILDING COSTS**

**LONE STAR CEMENT
ALSO USED**

THIRTY-SIX hours before opening game, contractor was still pouring concrete for William & Mary's new Norfolk, Va., stadium. Temperatures dropped sharply—cold retarded hardening, exposed concrete to freezing risk. Serious problem, indeed, if they hadn't used 'Incor' 24-Hour Cement. In spite of cold, freshly-placed concrete was in full use—sound and hard—when kickoff whistle blew. Simply because 'Incor', a basically improved Portland cement, hardens 5 times as fast.

Jobs like this explain why contractors often use two cements, Lone Star and 'Incor', in the same structure. Portland cements, both—each with the same time-tested

strength and durability. But 'Incor', through basic process refinements, cures faster, is ready to use sooner. That speeds completion, reduces overhead, lowers form costs, cuts winter heat-protection expense.

On W. & M. stadium, work began with Lone Star. But word came to "hurry," so 'Incor' was used for beams, columns, slabs. Result, stadium section poured 3 p.m. Oct. 1, was occupied by cheering crowds Oct. 3.

Each job is different; no set rule applies. So tell your contractor to figure two ways—with both Lone Star and 'Incor' Cement. Use 'Incor' on all or part of job—wherever it shows a net profit. Otherwise, use Lone Star, a Portland cement of outstanding quality and uniformity for a quarter century. Write for illustrated book, "Better Concrete." Lone Star Cement Corporation, Room 2298, 342 Madison Ave., New York.

*Reg. U. S. Pat. Off.

LONE STAR CEMENT CORPORATION

MAKERS OF LONE STAR CEMENT . . . 'INCOR' 24-HOUR CEMENT

A. & P.'s Chain War

Big company starts a mighty battle to blast Patman's death-sentence bill.

LAST WEEK the Great Atlantic & Pacific Tea Co. issued a "Statement of Public Policy" advertisement in which it blasted the proposed Patman chain store tax legislation (BW—Sept. 17, 38, p. 14). This week the repercussions from that ad were still coming in, and more were expected.

Encouraged by the flood of congratulatory comment which came pouring in from the trade, A. & P., through its public relations counselors, Carl Byoir & Associates, promptly set to work on plans for its educational campaign to take the case of the chain store direct to the public in a series of ads which will run in all the daily newspapers of the U. S.

Attempt to Get Allies

Meanwhile Carl Byoir, speaking before the National Association of Chain Drug Stores, at their semi-annual meeting at the Westchester Country Club in Rye, N. Y., urged the drug chains to join A. & P. in its battle against the Patman tax. And other chains, though they've made no move as yet, were known to be pondering the possibilities for similar campaigns of their own.

Indicative of the care A. & P. is taking to cultivate friends among farmers, consumers and organized labor is the announcement which came this week from John Haggerty, president of the International Allied Printing Trades Association, to the effect that A. & P. and the union had come to an agreement providing that all A. & P. printing would henceforth be done in closed shops, and carry the union label.

Sharing of Savings Claimed

In the labor press, A. & P.'s regular institutional ads, headed "The Middleman Will Get You If You Don't Watch Out," were extolling the benefits of the straight line distributive system of the A. & P. In daily newspapers the regular A. & P. consumer advertising was saying, "Thousands of women who formerly paid higher prices have changed to fine, fresh Red Circle Coffee and SAVE UP TO 10¢ A POUND because we always share with our customers savings in packaging, distribution and selling costs." And the Byoir subsidiary Business Organization, Inc., was at work on its research into the subject of hidden taxes, laying plans for the formation and operation of consumer study groups.

All of which is preliminary to A. & P.'s big push, due to come within the next couple of weeks when the educational campaign gets under way.

MARKETING ANGLES

U.S. ENJOINS DRUG FIRM

IN THE FIRST court action to be brought by the Federal Trade Commission under the new Wheeler-Lea act, the United States District Court at Chicago last week formally enjoined the Hartman chain of drug stores from disseminating any advertisement for a weight-reducing remedy known as "281." A temporary restraining order had been issued earlier in the week against advertising of "281"—a product which the commission claimed might be injurious to the health of the user, by causing loss or serious impairment of eyesight.

SUE "GAS" PRICE-CUTTER

IT WASN'T LONG after New Jersey fixed retail prices on its gasoline last June that the price wars got so bitter in New York City across the river that refiners had to fix prices there, too. Then the price was moved along to those retailers outside the city limits. As evidence that retailers within the city limits are going to have to stay in line, though, there is the action brought last week by the Petroleum Dealers Chamber of Commerce of New York against a price-cutting retailer in Long Island City, the Triangle Service Station, asking for an injunction restraining the service station from violation of the Feld-Crawford act. It's the first such action that's been brought in the gasoline field, and not the last either, declares the trade.

GEM-LECTRIC AT LAST

AMERICAN SAFETY RAZOR CORP., makers of Gem razors and blades, has been threatening to bring out its new Gem-lectric razor for more than a year. Recently announced, the appearance of the Gem-lectric was again slowed up by the price revision in the electric shaver field, when the top-notch brands dropped their prices from \$15 to \$12.50. But last week, priced at \$12.50, Gem-lectric launched its first advertising campaign. Just as soon as it started, though, Schick Shaver came along and slapped a patent infringement suit on Gem-lectric.

ADVERTISERS STUDY RATES

CHECKING UP on the kind of break the national advertiser is getting from newspapers, the Association of National Advertisers has just brought up to date its study of Local and National Rate Differentials, an analysis of the 5,000, 10,000, 20,000, and 50,000 line rates of 518 newspapers in cities of 50,000 or over, showing that since last year the spread between local and national rate differentials has gone up still another 3 or 4%.

WASHER AND IRONER WEEK

THE WEEK OF OCT. 23-29 is to be National Washer and Ironer Week. Instituted by washer and ironer manufacturers, it has already been taken up by their distributors and dealers, who are planning special window displays during the week, some promotional sales events. The utilities are expected to devote part of their institutional advertising space to the drive, although there will be no national advertising campaign.

BUSINESS MAN'S LIBRARY

MORE BOOKS for the business man's book-shelf: "Milestones of Marketing, A Brief History of the Evolution of Market Distribution" (Macmillan Co., \$2.50) by George Burton Hotchkiss, professor of marketing at New York University, a study of marketing methods from Anglo-Saxon days up to New Deal days; "Trade Associations in Law and Business" (Central Book Co., N. Y., \$5) by Benjamin S. Kirsh, former special assistant to the United States Attorney in New York in the prosecution of Sherman anti-trust cases, and Harold Roland Shapiro, assistant professor of law in the New York Law School, a critique of the strength and weaknesses of the trade association movement, particularly timely in the light of the forthcoming U. S. monopoly inquiry.



RESINOX FOR UTILITY

A multiplicity of articles—both simple and intricate in design—are now being made of Resinox—the modern molding material. Practical products that look better, function better, and cost much less to manufacture.

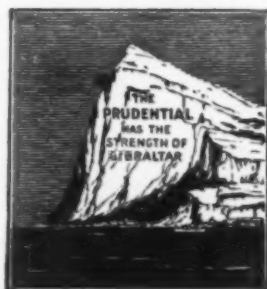
Investigate. The field staff of the Resinox organization will gladly work with you in solving your design and production problems.



Free Color Blocks
Resinox color samples and the latest Resinox catalogs will be mailed free on request. Just clip this advertisement and attach it to your letterhead.

RESINOX

RESINOX CORPORATION
17 Battery Place, New York, N. Y.



IF YOU HAD
DIED ONE
WEEK AGO

what income would your
family have TODAY?

If in all fairness they should have more protection, ask for our literature on Monthly Income plans.

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA

HOME OFFICE: NEWARK, N. J.

Who Speaks for Small Business?

Organization drive that got under way after stormy Washington conference has raised many voices, produced no national unity on the "small business" front.

IN PITTSBURGH last week delegates to the convention of the National Small Business Men's Association protested the 75¢ taxi fare from downtown to their meeting hall. An official advised five persons per cab which would cut the tariff to 15¢ each.

"But, Mr. Chairman," shouted a delegate, "it's not safe for five little business men to ride that close together. There's liable to be a fight."

The wisecrack hit close to the truth. While the anti-government demands of small business have shaken down to some degree of unanimity, enough friction remains among organizations seeking to represent this element to carry on the spirit of the stormy Washington conference sponsored by the Administration (*BW—Feb 12 '38, p 16*).

At Pittsburgh 250 delegates proposed 290 resolutions. The program adopted here for immediate action demanded retirement of government from business competition with citizens, a pay-as-you-go basis for social security, amendment of the Wagner labor relations act to equalize rights of employees and employers, efficient business methods in government, a balanced budget, curtailment of presidential powers, state administration of relief, taxation for revenue only, guarantees of free speech, free press, free radio.

Encouraged by Morale

Executives of the National Small Business Men's Association admitted disappointment over the size of the Pittsburgh meeting (*BW—Sep 17 '38, p 15*). First hopes were for 2,000. Actually 250 delegates registered. Attendance sank as low as 50—and seemed less than that because meetings were held in a hall big enough to garage a blimp. D. M. Emery, president of the association and of the Monroe Letterhead Corp., Akron, was happy over the morale if not the size of his meeting, promised an intensified membership drive. Moreover he was encouraged by announcement of the strong Michigan delegation that it had formed a state association and would have a convention next month.

Rival national organizations are worried over the response to the Pittsburgh meeting. When the tumultuous Washington conference spotlighted the plight of small business, organizers figured that here was a new and profitable field. The 3,000,000 small business men (estimates depend on the basic measure of smallness) seemed crying for political

and economic cohesion to combat other pressure groups. On the first tide of enthusiasm, promoters swarmed to the promised harvest. Some operated in a twilight zone where low visibility obscured oversize "commissions." Many campaigns have since petered out either because their merchandising of the idea was faulty or because the promise was overplayed.

Opposed to Roosevelt

Mr. Emery's association claims to have been first in the national field. It is about 10 months old and is strongly anti-Roosevelt. Perhaps this is the basis of allegations by rivals that it is a "stalking horse for big business." Emery's aides hint darkly that one national competitor, Small Business of America, Columbus, O., is tarred with New Dealism.

Small Business of America formerly was the Nation's Smaller Business Council. Its organization includes committee chairmen of the Administration's conference in Washington last February. Leader of this movement is James G. Daly, of *The Sample Case* published by the United Commercial Travelers, Columbus. Critics say this national outfit is getting nowhere fast but admit that some of its offspring show surprising vitality.

New England delegates to the Washington conference formed the Smaller

Business Association of New England, headquarters Boston. A cousin that is alive and kicking (especially kicking) is the Smaller Business Association of New York, New Jersey, and Connecticut, Inc., New York City. The S.B.A. N.Y.N.J.C. admits affiliation with the Small Business of America but it professes convictions that would be rank heresy to the New Deal.

Competition for the small business favors in the national field also includes the American Federation of Little Business, Washington, D. C., and the Little Business Men's League, Chicago. The Federation of Little Business is headed by George Olmsted of Des Moines, founder of the National Young Republican League and former president of the U. S. Junior Chamber of Commerce. It is dedicated to a non-partisan policy. It seeks a membership of small independent business men. Main objectives are: (1) anti-monopoly legislation and enforcement, (2) adequate long-term credit facilities for small business, and (3) amendment of the Wagner act to mutualize labor and employer obligations.

Chain Taxation Advocated

The Chicago group campaigns actively over the radio, claims 5,000 members. It wants government-controlled regional banks for small business loans except where local banks cooperate, taxation of chains to discourage monopoly, regulation of practices destructive to fair competition.

With all these organizations jostling each other to represent the downtrodden small business man, there naturally follows talk of consolidation. Some observers expect a shake-down resulting



REGISTRATION WAS DISAPPOINTING at the Pittsburgh convention last week. First hopes were for 2,000, later adjusted to 1,000. Actually, 250 registered.

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in perhaps two strong associations, dividing possibly on the line between conservatism and liberalism. Meantime regional organizations go forward, some with no national ties.

Important in this category is Independents, Inc., St. Louis. It started as an association of retailers but later extended its organization to manufacturers, distributors, professional men and even farmers. The Independent Business Men's Association of Iowa, Des Moines, claims a following of 40,000. It publishes a good-looking monthly magazine called *Independent Business*. This association is affiliated with the Freedom of Opportunity Foundation, Berne, Ind., a militant corps fighting behind Congressman Wright Patman against chain stores. There is also the Small Business Men of Virginia, Staunton.

Ernest H. Gaunt, New York, gathers information on small business organizations and issues a highly-salted news letter on the subject. A recent circular lists among "new names" the Washington (state) Federation of Independent Business, Seattle; Small Business Men's Association of the 34th Congressional District of New York State, Binghamton; Illinois Council of Small Business Men, Chicago.

Most observers agree that an effective technique for a mass movement of small business is yet to be developed. If and when it is, the idea probably will grow from some local organization upward, not from a national organization downward.

Conditions Impeding Movement

Why hasn't the small business organization movement made better progress?

One answer is that mere size may be an unsound basis for enrollment. Another that American business appears to be stratifying by trades. A Brooklyn laundry operator has more in common with a San Francisco laundryman than with a druggist next door. Trade problems are handled by the country's 7,000 trade associations, larger business issues are handled by the 4,000 chambers of commerce, etc.

An overwhelming majority of membership in both these represents small business. The "solid front" idea can't apply except on the broadest terms because of the clashing interests—between the soda-fountain-lunch-counter and the restaurant, for instance. And these groups know how to take care of their political welfare.

Finally, a small and struggling organization doesn't help itself with straight thinkers by claiming to speak for all small business. One recalls the three tailors of Tooley St. who began a petition to Parliament:

"We, the people of England—"

What! No brass bands?

We're delighted, of course, that the 1938 World's Champion Typist won his title on an L C Smith! But (as Li Hung Chang said about the horse race) it was already known that some people can type faster than others.



Using the same L C Smith typewriter (without speed adjustments) which he uses every day in his H. O. L. C. job in Chicago, Mr. Norman Saksvig won the Professional Event, June 21-22 (and the 1938 World's Speed Championship) with a total of 41,453 strokes . . .

over 11½ strokes per second for one solid hour!

We congratulate Mr. Saksvig . . . but we continue to maintain that such exceptional typing ability can make speed records on *any* good typewriter (note that in the past five years world championships have now been won on *three* different makes). We're especially glad this title was won on our regular stock machine. Because speed saves money for you, Mr. Businessman, when . . . and *only* when . . . it's used in *your* office, on *your* work—and when you can count on it year in and year out. And the L C Smith, with its easy ball bearing action and floating shift, has won contests of *that* sort for many years, and against all comers!

THE NEW *Super-Speed*
LC SMITH

L C SMITH & CORONA TYPEWRITERS INC
Desk 9 107 Almond Street Syracuse, N. Y.



NEW PRODUCTS

**New processes . . . New designs . . . New applications
of old materials . . . New twists on old ideas . . .**

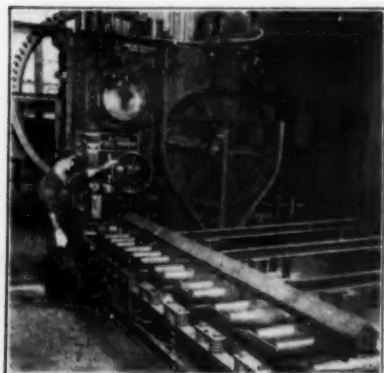
The wistful pup which is being deloused and defleeced by Leray, the new electric insect killer now being introduced by Leray Corp., 230 Park Ave., New York, is not nearly so wistful as it would be if subjected to a barrage of insecticide and soap. Same infra-red-ray



outfit works equally well on human beetles, canaries, cats, chickens, and vegetation. Toughest Japanese beetles and meal-worms last less than six seconds under its lethal light. Since infra-red light will penetrate clothing without scorching, it may be possible to kill human lice without undressing the human host.

Fibre Wallboard Panels, big enough to cover a whole wall in an average home, are coming through the current production of Upson Co., Lockport, N. Y. The panels are 14 x 8 ft., and $\frac{3}{4}$ in. thick.

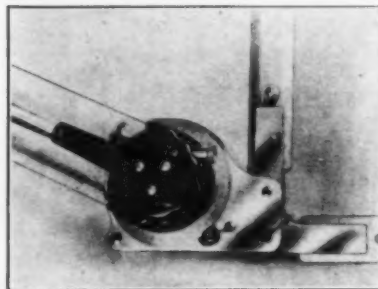
Some while ago Mathews Conveyor Co., Ellwood City, Pa., mounted the rollers of some of its gravity conveyors on springs in order to protect them from



shock loads (BW—Apr10'38,p17). Recently the company incorporated the same idea in a bar shear conveying table which will handle rounds and squares weighing as much as 2,000 lb. each. Jacks raise and lower the table to correct operating height.

Not so long ago certain medical men announced that vitamin B-1 is an excellent preventative against hangover, it being a body-builder and a strengthener of the nervous system against the inroads of alcoholic excesses. Hiram Ricker & Sons, So. Poland, Me., is now marketing a new ginger ale in bottles which contain 100 International Units of vitamin B-1 each.

Drafting board users, and they are legion, will want to try the new Bruning-Wallace Touch Control Drafter now being released by Charles Bruning Co., 100 Reade St., New York. To change



setting of the protractor head, touch the thumb to the control button which instantly releases it for rotation to any degree of angularity. Lifting the thumb locks the head positively.

In indirect lighting there has always been the problem of maintenance, of keeping the lighting unit clear of bugs and dust. Edwin F. Guth Co., 2615



Washington Blvd., St. Louis, Mo., has developed the Optilux unit, whose smooth prismatic glass cover transmits and diffuses light efficiently without giving dust and bugs a place to lodge.

With the distribution achieved by Metal Textile Corp., Orange, N. J., few kitchens get along without one form or another of its copper-mesh pot cleaners, one of them named Goldylocks, another Chore Girl, another Chore Chum. Now the company is about to bring out "Silvylocks—the Monel Metal Sponge," which promises to outlive present pot

cleaners several times to one. It is knit out of a continuous ribbon of the corrosion-resistant material with a patented lockstitch.

Encouraged by the reception given its eyeshield for welders (BW—Jul 16'38,p29), Jackson Electrode Holder Co., Detroit, is bringing out the Jackson Type C Eyeshield for general eye



protection. It consists of a flexible, transparent, non-inflammable visor, adjustably hinged to a light headgear. Colors: clear; smoked; green; or amber.

Sudbury Round Composition Belting is made with a strong, flexible center core which also serves the purpose of an in-built belt fastener. As developed by Sudbury Laboratory, So. Sudbury, Mass., the fastening job is simply one of pulling the rubber composition off the core and tying the core ends together.

Bureau of Mines approval has been granted for the new Blast Helmet of Pangborn Corp., Hagerstown, Md. Sponge rubber shoulder pads do the



double job of giving comfort to the blast worker and of keeping out dust. Large vision window is protected by a tough bronze screen which may be instantly raised for window cleansing.

Wary on Rail Relief

80 business leaders meet in Washington; listen; and appoint a committee.

WASHINGTON (Business Week Bureau) —Invited to Washington by the U.S. Chamber of Commerce ostensibly to work out a comprehensive transportation program for submission to Congress, approximately 80 business leaders soon found that the real purpose of the gathering was to drum up moral support for a drive to relax numerous restrictions now hamstringing the hard-pressed railroads.

Bus Man Heads Group

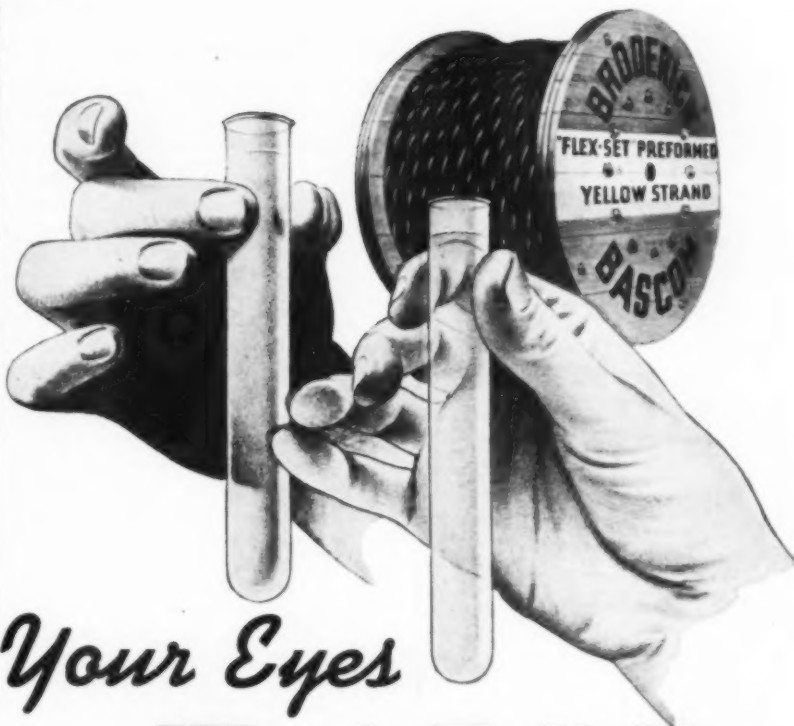
Present at the meeting were representatives not only of all forms of transportation—railways, buses, trucks, waterways and aviation—but also of financial interests and of large shippers. All in all, it was a representative group of high-grade executives whose support would be an asset to any cause. The eloquent pleas of the railroad men were received, on the whole, with sympathy, but the assemblage declined to be stampeded into any overt action. Instead, it appointed a continuing committee to study the situation thoroughly and, possibly, to prepare a definite program for presentation to a reconvened conference some time before Congress meets in January.

It is significant that this committee is headed by a bus man and that railway representatives are in the minority. The names and affiliations of its members are a clear indication that if and when a program is presented it will be acceptable to all transportation media.

Suggest More Rate Power

Proposals discussed included:

1. Returning to the railroads more "managerial" power to fix rates, subject to more sketchy ICC supervision.
2. Curtailment of state rate control.
3. Abandonment of the ICC's plan for consolidations, and permission to the railroads to effect any consolidations not contrary to public interest.
4. More liberal loans by the federal government, particularly for purchasing new equipment and improving rights of way.
5. Repeal of all land-grant rate reductions.
6. Relief from railroad participation in the cost of grade-crossing eliminations and bridges over navigable waterways.
7. Revision of the Railway Labor Act to permit court review of the decisions of arbitrators.
8. Sale of the government-operated barge lines to private operators.
9. Tightening of the rules regarding reparation to shippers.



Your Eyes Won't Tell You

Both of these tubes contain water; but to one has been added two drops of a powerful heart stimulant that even a chemist couldn't detect by sight.

That invisible ingredient is very like the plus quality of "Flex-Set" Preformed Yellow Strand Wire Rope. The only evidence of its presence is the additional life and economy which it imparts to the rope.

But what is that plus quality? It's a complex thing made up of 62 years' experience making nothing but wire rope; special wire drawn to most exacting specifications; a revolutionary process by which wires and strands are shaped to a permanently helical form before going into the rope; the ideals of a firm which has always aimed to give an overflowing measure of wire rope quality.

Wire rope users in many industries are profiting by the plus quality of "Flex-Set" Preformed Yellow Strand—road builders, general contractors, rotary drillers, operators of lumber camps, mines, industrial plants.

Write our nearest branch for information as to how "Flex-Set" Preformed Yellow Strand can save you money.

BRODERICK & BASCOM ROPE CO., St. Louis

Branches: New York, Chicago, Seattle, Portland, Houston. Factories: St. Louis, Seattle, Peoria.
Manufacturers of all grades and constructions of wire rope, preformed and standard, for every purpose.

"FLEX-SET" PREFORMED YELLOW STRAND



DARNELL CASTERS

Always roll and swivel. Maximum protection for floors and floor coverings.



DARNELL CASTERS

Will increase efficiency of employees—and help step up production schedule.



DARNELL CASTERS

Prevent wracking of office furniture and equipment, and extends usefulness.



DARNELL CASTERS

Give lasting, trouble-free service. Write for free descriptive Darnell Manual.

DARNELL CORPORATION,
BOX 4027, STA. B, LONG BEACH, CALIF.
36 N. CLINTON STREET, CHICAGO, ILL.
34 E. 22nd STREET, NEW YORK, N. Y.
DARNELL CORP. OF CANADA LTD. TORONTO, ONT.



A new user sporting his first welded product...

Perhaps having a hand in making the lowly safety pin is equally important as contributions we have made to the development of automobiles and streamline trains. Here is an implement of security whose possible failure cannot be taken lightly.

In giving metal products greater strength, beauty and lightness at less cost, Mallory has led in the development of welding electrodes that bring similar and dissimilar metals together into one piece with ever increasing speed and effectiveness. Mallory offers intimate knowledge of the welding problems of industries ranging from safety pins to streamline trains.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA
Cable Address—Pelmollo

P. R. MALLORY & CO., Inc.
MALLORY
PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

Win Marine Peace

Lapham and Roth score success on Coast with Waterfront Employers' Association.

WEST COAST supporters of the One-Big-Union-of-Employers idea, launched early this month by shrewd, genial Roger Lapham, president of the American-Hawaiian Steamship Co. (BW—Sept. 3, '33, p. 15) are going to talk plenty, nationally and locally, about the success of the Waterfront Employers' Association of the Pacific Coast, of which Mr. Lapham is a leading figure, in transforming Coast maritime labor relations from a state of constant, costly turmoil, to one of settled peace in less than two years.

Results of the united front by 91 shipowners in the 30 ports following the maritime strike of 1936-37 will be held up as a timely demonstration of the Lapham formula.

Supporters will point out especially the effectiveness of a blanket contract with uniform expiration date which can be suspended by all employers if the union violates it against any one company. This feature is credited with playing a large part in reduction of costly quickie strikes and hot cargo disputes which have harassed Coast shipping since the waterfront war of 1934. Work stoppages have been cut 50% in the last seven months.

Agreement with Bridges

An agreement was reached last week-end with Harry Bridges for his International Longshoremen & Warehousemen's Union and it awaits only a formal vote of the longshoremen's membership. It runs to Sept. 30, 1939. Contracts with the other six maritime unions had been completed previously. (BW—Sept. 10, '33, p. 36).

Agreements with the unlicensed marine unions, as well as the I.L.W.U., set up standing arbitrators, one for the Coast as a whole and one each for Los Angeles, San Francisco, Portland and Seattle, to be appointed by the United States Department of Labor. Arbitrators will be on tap to settle disputes before they turn into stoppages.

Specific penalties for violation of contract is another innovation in the new setup. Examples: longshoremen guilty of pilferage will be deprived of waterfront jobs permanently. The penalty for drunkenness is one week's layoff.

The united front of maritime employers existed only as an idea in the spring of 1937. The heavy job of nursing it along into a working reality, while building friendly relations with the marine unions, was handed by Mr. Lapham and his associates to Al-



ALMON E. ROTH
Stanford's former dean of men has the respect and liking of Coast labor leaders.

mon E. Roth, who in March, 1937, was made president of the Waterfront Employers' Association of the Pacific Coast.

Handsome, suave, silver-haired Almon Roth, Californian since the age of four, came to the tough, turbulent waterfront from the quiet campus of Stanford University, where he was dean of men from his graduation, 1909, to 1912. Later he became comptroller of the university. Mr. Lapham, at San Francisco's much-publicized labor town meeting early this summer, tagged him "the collegiate mariner," a term which made an immediate hit with the marine unions.

Backed by Employers' Power

Harry Bridges likes Mr. Roth and his methods. So does Harry Lundeberg, secretary of the Sailors' Union. They respect him and get along with him. They've learned they can't put anything over on the mild-mannered gentleman who, in line with the Lapham formula, has behind him the united power of all the shipowners and employers of waterfront labor on the Pacific Coast. For many years the shipping industry has been trying to achieve what the provisions of the new contracts insure.

The success will influence Coast labor relations generally. Harry Bridges, emerging last week from final conferences with Mr. Roth and his committee, recommended to warring San Francisco employers and unions that they "take the starch out of their necks" and sit down to peaceful negotiation of the warehouse and department store tie-ups. Said he: "If the waterfront employers and longshoremen can work out their differences reasonably, so can the others."

Dustbowlers Worry California

There are 200,000 impoverished newcomers from Oklahoma, Arkansas, and Texas. Business men fear they will vote for \$30-Every-Thursdays.

THE PART 200,000 Dustbowlers—newcomers to California since 1936—will play in the Nov. 8 balloting on the \$30-Every-Thursdays pension initiative and other similar measures will be of increasing concern to business opponents of the "crackpot" schemes during the next six weeks.

The destitute hordes who have come from Oklahoma, Arkansas and Texas into the five San Joaquin Valley counties of California in response to reports of free food, free medical care, generous relief and the more abundant life generally, can be depended upon to vote almost as a unit for any and all "hand-out" proposals that may come up at this and future elections. They may hold the balance of power for even more relief than they get today. That's causing California business men to do some plain and fancy thinking.

66,000 Eligible to Vote

About 165,000 Dustbowlers have been in California more than one year. Estimates place 66,000 as eligible to vote. That a substantial proportion of them will vote on Nov. 8 is indicated by the fact that, while registration in the state as a whole (for the Aug. 30 primaries) increased 7½% over the 1936 Presidential election, registration in the five San Joaquin counties jumped nearly 20% and in Kern County (hardest hit by the influx) registration shot up 27%. Increases were overwhelmingly Democratic; Republican gains were minute (the Dustbowlers come from states traditionally Democratic).

The California State Chamber of Commerce says that 240,000 persons have entered the state from the Dust-bowl areas since 1936. In 1936, the influx reached 97,642. In 1937 the flood increased by 104,976. This year, up to Sept. 1, some 36,000 people had driven in rickety jalopies across the state line.

Influx Slackens

When figures were totaled for the first three months of 1938 and it was found that 5,000 more persons had trekked over the border than in the same period last year, Californians shot frantic wires to the national director of the U. S. Farm Placement Service in Washington asking that directors of Middle West state employment services spread the word that California already has a heavy surplus of farm workers. Figures soon to be released will show that the tide apparently has been stemmed. The average monthly influx this year up to June 1 was 5,295. For June, July and August it was only 1,692.

About 80% of the immigrants remain permanently in the state and 40% of these are adults of voting age. With relief in mind, the newcomers register as soon as possible.

The voting strength of the Dustbowlers is only one angle of the situation. Down through the San Joaquin valley the tens of thousands of destitute families, settled in filthy tents, are bringing slum conditions to the country, overflowing hospitals, threatening financial disaster to the five valley counties.

The 40% drop in California cotton



Ready to see the job through on schedule... powerful freight locomotives groomed like race horses... plant and rolling stock in perfect condition... men on their toes! That's what has made Chesapeake and Ohio famed for its dependable service.

Chesapeake and Ohio representatives are located in all principal cities—ready to help you with shipping problems. A phone call gets quick action.

CHESAPEAKE
and Ohio **LINES**
CONTROLLED PERFORMANCE



Globe

OPEN AIR DISCUSSION—Dustbowlers listen to a political spellbinder hold forth at one of the "migrant" camps improvised in California.



SHANTY CAMPS, settled by destitute families from the Dust Bowl, have brought slum conditions to Southern California.



COMPARATIVELY NEAT AND CLEAN is this government camp for migratory fruit workers at Marysville, Calif.

acreage this year cut demand for labor in half—a heavy blow to the state agencies attempting to find employment for the newcomers and take them off relief. When cotton picking time begins next month, there'll be only 25,000 jobs at the peak instead of the usual 50,000. This makes the farmer's wage load easier but burdens relief. It was cotton that originally attracted the Dust-bowlers. They knew the business and, while planters were prosperous, cotton absorbed a substantial number of the migrants each year from October to January.

Higher average farm wages in California have been a potent lure. Average farm wage in Oklahoma is \$1.35 a day without board; in California, \$2.95. Average security wage in Oklahoma is \$19 to \$20 a month; in California, \$50 to \$52. Oklahoma farmers don't have to supply housing. A Golden State law requires housing on all farms employing more than four hands. Other attractions: relief policies are liberal and free hospital, medical and dental care is provided. When residence has once been established citizens are in line for higher old-age pensions.

Health authorities of the five San Joaquin Valley counties are groaning under a heavy burden. Disease costs are rising rapidly. In Kern County, center of Dust Bowl migration, out-of-staters are adding \$10,000 a month to operating costs of the principal hospital.

Ask Washington's Help

The California Citizens Association, recently organized in Kern County to "do something about the situation," claims to have 200,000 members. It is stirring statewide interest in a petition to Congress urging that: (1) the federal government should return idle Dustbowlers to their home communities where they are eligible for state and federal relief. (2) Federal authorities should see to it that potential migrants

are told that relief will not be available in California. (3) The federal Farm Security Administration should quit giving immediate relief to any and all families that ask for it.

Californians who are skeptical of help from Washington along these lines are suggesting that diversification of crops (with year-round employment) rather

than the present system of crop specialization may be a partial answer but a long process. They believe the Farm Security Administration could help a lot right now by refusing to give the migrants cash; that food, medical care and schooling should be provided, but no money to send to relatives in the Dust Bowl to finance further migration.

Chain Tax Battle in Colorado

Safeway, Penney, Woolworth, and others urge voters to repeal law in November election. Result may affect Patman's "death sentence" bill in Congress.

AMENDMENT NO. 1 on the Colorado ballot, Nov. 8, promises to overshadow in public interest all other election issues. Amendment 1, designed to repeal the state's chain store tax, is an initiated referendum measure.

Battle lines confronting one another are the Colorado Chain Stores Association (crusading for repeal of the Colorado Store License Law which penalizes multiple merchandising units under one management) and the Civic Association of Colorado (independent merchants fighting against repeal). Directing Chain Stores' attack is the organization's dynamic president, Howard W. ("Pat") Patience, who is district manager of the Western Auto Supply Co. Opposed to him is hard-hitting A. S. ("Art") Johnson, president-manager of the independent group. Patience has a background of orphaned youth, underprivileged adolescence, and rise to success via the Horatio Alger route. Johnson, once a successful merchandising salesman, was traveling representative for the U. S. Chamber of Commerce until he resigned to lead the independents in their present campaign.

Colorado has the distinction of being

the only one of 22 states whose chain tax law was enacted by popular vote. No legislation can change it; hence a state-wide drive to arouse public sentiment, for and against, must be, and is being, waged.

Fighting Methods Contrasted

Repeal and non-repeal strategies vary widely. The chains have been conducting an educational campaign; the independents appeal largely to emotion. Education reminds the public of mass purchasing power exercised by chains in buying—and in selling to the nation—Colorado lamb, tomatoes, peaches, beans, cherries, eggs, dairy products and beet sugar in recent years when surpluses threatened to undermine prices disastrously. The emotional technique portrays the independent merchant as "your friend and neighbor," local property taxpayer, contributor to civic activities, saver of Colorado dollars for Colorado use, a credit refuge to customers who cannot pay cash, a convenience to those who desire delivery service. Chain strategy holds no brief against independents, *per se*, but accuses middlemen—wholesale distributors and jobbers—as arch-villains

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plotting against low-priced, no-middle-man stores. Independents pull no punches, characterizing the chains as malefactors of great stealth who are willing to spend three-quarters of a million dollars to carry Amendment 1.

Independents launched their display advertising and publicity barrage in newspapers just about the time the chains went on the air with a one-hour, once-a-week radio program (Aug. 1). On Sept. 12 the independents began a daily, 15-minute broadcast to supplement press releases.

Cost of Store Licenses

Colorado's store license act, effective Jan. 1, 1935, graduates the cost of licenses from \$2.50 minimum for the first store to \$300 for the twenty-fifth and each in excess of that number. On this basis Safeway Stores, Inc., paid \$57,484.50 in 1938—nearly one-third of the \$182,478.50 collected by the state for all store licenses; Western Auto Supply Co., \$1,139; Walgreen Drug, \$1,289.50; J. C. Penney Co., \$11,207.50.

The Colorado Chain Stores Association, in its comprehensive handbook, points out that the store license tax is punitive and violates all accepted economic principles. The Civic Association of Colorado asserts in pamphlets, broadsides, car cards and window posters that revenue derived from this source is no more than fair compensation for the amount of Colorado money taken from the state by "Wall Street owners" of the chains.

Strange bedmates consort in the warring camps. Single-unit establishments paying only \$2.50 a year are aligned with the chains paying thousands; multiple-unit, home-owned organizations are backing the independents. A non-Colorado-owned drug concern operating several stores frostily "doesn't give a damn which way Amendment 1 goes" and has several companions in the No Man's Land of neutrality.

The independents declare the chains are prepared to spend \$750,000 to lift the store license act. The chains aver wholesalers supply funds to conduct the independents' battle, and that individual store owners are additionally assessed, besides being required to buy their own advertising space and package stuffers.

Big Names in the Battle

"Shock troops" in the chain sector are 15 big concerns, national, regional and state, among which Safeway, Kress, Woolworth, Penney, Walgreen, Western Auto Supply and Public Service Co. of Colorado (Cities Service subsidiary) are said to bear the brunt of promotional expense. Big names associated with campaign funds for the independents are Morey Mercan-

tile Co., H. A. Marr Co., Davis Brothers Drug Co., Yoelin Brothers in Denver, and other large wholesalers throughout the state, all leagued with the Civic Association of Colorado.

Both factions forecast victory. Numerically, the independents have a tremendous advantage, listing hundreds of memberships where the chains count a score. However, a crucial factor may be the attitude of the Colorado Press Association, which favors repeal of the Colorado store license law. This powerful group, at its annual meeting March 12, recommended that its members "actively oppose all legislation of a discriminatory or punitive nature which is designed to hamper and handicap business, especially the multiple type of distribution which aids both producer and consumer."

specifically citing the chain store tax as an object for attack. As a consequence, the state press of Colorado accepts display advertising from the independents and editorializes in favor of the chains. Resolutions and endorsements by farmers', wool-growers' and stock growers' cooperatives commending chain participation in emergency crop marketing are regarded as potent ammunition for the repeal advocates.

Fuel is added to the already flaming situation by a mutual agreement on the part of both warring factions that Colorado is a natural testing ground to determine popular sentiment on the Patman chain store tax measure which has already been introduced in Congress. The Patman act, if passed at the next session, would admittedly tax chains out of existence.



When burning raw coal, locomotives hauling crack passenger trains from the Atlantic Seaboard on a great American railroad were taken off at Cleveland for ash-pit cleaning and re-fueling. In a test with washed coal, the trains sped 240 miles farther on one tender of fuel and with no stops for ash-pit service.

This 40% longer run became possible through the better quality and greater uniformity of the coal after it had been washed in a Koppers-Rheolaveur Coal Preparation Plant.

Coal users everywhere are learning the extra use value that proper preparation of their coal gives them. Coal operators are turning in ever-increasing numbers to the use of Koppers-Rheolaveur Plants. Ask for washed coal when you are buying.

KOPPERS COMPANY • PITTSBURGH

SEE IF KOPPERS MAKES IT"

BOILER AND POWER PLANTS • CASTINGS • COAL AND COKE • COAL CLEANING PLANTS
• COKE AND GAS PLANTS • CREOSOTE • DEHYDRATION PLANTS • D-H-S BRONZE • FAST'S
COUPLINGS • WESTERN FIRE HYDRANTS • INDUSTRIAL CHEMICALS • MUNICIPAL INCINERATORS
• PISTON RINGS • PLATE WORK, TANKS • PURIFICATION SYSTEMS • RECOVERY PLANTS
• SEWAGE DISPOSAL EQUIPMENT • SHIPS AND BARGES • ROOFING • TARMAC ROAD TARS
• TAR PRODUCTS • TREATED TIMBER • WATER GAS GENERATORS • WATERPROOFING • VALVES

K O P P E R S

2,000 at Management Congress

Lewis H. Brown's speech, urging cooperation with labor, impresses delegates from a score of countries. American problems are emphasized.

BUSINESS MANAGEMENT was both speaker and listener this week in Washington, at its own show, the Seventh International Management Congress. With 2,000 delegates from a score of countries, some 400 of them as expert speakers and "discussers" of every phase of administration, production, distribution, personnel, agriculture, and home management, the convocation was big enough and complete enough to satisfy any business man, no matter how detailed and technical his problem might have been.

Business representatives attending the conference were favorably impressed, for the most part. There was not a great deal of "internationalism"; the meetings speedily got down to American problems and stayed there, but the foreign delegates seemed to enjoy watching the Americans do their stuff. English was the official language, and Americans and Englishmen divided the major part of the speaking duties.

British Take Active Part

Over the course of 10 all-inclusive general conferences and 31 divisional technical meetings covering the six parts of the agenda in five full days of debate, some individuals and some subjects topped others in their appeal. The whole British delegation, for example, was energetic from start to finish in its determination to make things "go." Lord Leverhulme, who spoke in no less than three of the big general sessions, R. Lloyd-Roberts,

who described British industrial conciliation and arbitration to the intently listening Americans, and a score of other English men and women who helped lead the technical sessions were applauded time and again for their contributions to the discussions.

To American observers, the highest spot in the conference seemed to be General Session No. 4, which witnessed the highly effective efforts of Lewis H. Brown, president of the Johns-Manville Corp., to turn the thoughts of all the delegates in one direction—toward co-operative endeavor, between business, government, labor, and agriculture to solve mutual and critical problems.

This meeting had been well arranged by the directing committee under William L. Batt of SKF Industries, with Robert Watt (American labor representative at Geneva) leading off, Brown following for management, William Allen White speaking for the public, and Lloyd-Roberts finishing up. The effect of Brown's speech, which not only presented American business management in a new light to many of the delegates but which boldly called on business men to adopt a specifically stated creed, was heightened by what followed. Watt (who had given, in part, a "fighting" speech), rushed across the platform to shake hands with Brown. White departed from his prepared introduction to say that the audience had just witnessed an astoundingly important event.

The succeeding days of the con-

ference brought still other expressions of willingness from all sides to negotiate joint problems amicably, and the meetings thus became much more lively and stimulating than the first day had indicated they might be.

Despite the fact that most of the delegates had one ear cocked to hear the street cries of newsboys selling war extras, the management problems were treated in a realistic style much more encouraging to the business reporters on hand than the rather academic approach of the older days.

Learn About U. S. Problems

The only adverse criticisms of the conference voiced by some of those who attended were that there wasn't much international flavor, and that government people who were expert in some of the subjects discussed were not on the programs. The foreign delegations, however, seemed to have come to learn about American problems and to be content to listen. The government people were in the technical meetings—scads of them—as observers and occasional speakers, but the general sessions were largely taken over by management itself. Which—to quote one committeeman—was logical enough at a management meeting.

This week's conferences did not complete the visit of the foreign delegates, and most of them are scheduled for regional visits and speeches during the next few weeks. Complete printed records of the major papers presented at the meetings will be distributed to all of the delegates. Unhappily, the discussions were held without stenographic recording, and many of the debaters declined to submit papers later. Those which were submitted will be printed and distributed as a final volume of record.



WILLIAM L. BATT

LORD LEVERHULME

LEWIS H. BROWN

WILLIS H. BOOTH

MR. BATT, president of SKF Industries, Inc., presided at the banquet Thursday night at the Mayflower Hotel; Lord Leverhulme, president of the International Committee of Scientific Management, which sponsored the Congress, replied for the

foreign delegates to the opening speech of welcome; Mr. Brown, Johns-Manville president, addressed the Congress on "Management's Aims and Responsibilities"; Mr. Booth presided at the opening session of the Congress as honorary chairman.

Wide World, Business Week

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W. H. ALBERS

The president of the Albers Super Markets, Inc., Cincinnati, Ohio, this week was reelected president of the Super Market Institute, meeting for its second annual convention in Chicago.

Supers Woo Public

Large markets hold their institute meeting and discuss methods of propaganda.

BIG PROBLEM of the supermarkets which make up the membership of the Super Market Institute is basically the same as the big problem confronting the independent retail grocer, the corporate chain store, and the supermarkets operated by A. & P. and Kroger. The problem is to create and maintain favorable public relations.

The need of favorable public relations, presented diplomatically at the institute's second annual convention in Chicago this week, rests on two grounds. The more fundamental of these is that public affection for supermarkets must be fostered if the institute's members are to do more than 10% of all the retail food business which they bit off in 1937. The other is that in Camden and other New Jersey cities, and in Milwaukee, the supers have already run into attempts to stone them with high city license fees. (In New Jersey cities, attempts have been made to levy license fees ranging from \$5,000 to \$10,000.)

Plan Newspaper Advertising

Institute members, including practically all supers not operated by large corporate chains, plan to use two avenues of approach in their attempt to foster public regard and make the politicians lay off. Avenue No. 1 will consist of newspaper advertising, administered in large doses and calculated to make housewives, husbands, and maybe newspaper editors believe

OFFICE DUPLICATING

Steps out

WITH

WHITE TIE
AND TAILS



HERE is office duplicating, with all of its convenience and economy, on an entirely new plane—a higher plane, perhaps, than you thought possible. For office duplicating the Multilith way brings a distinctly higher quality of work and a much broader variety of applications.

● You'll appreciate this new quality in all the jobs it handles—for while Multilith can "go high hat" on a moment's notice, it's a great producer of "run of the mine" duplicating.

● Today you may need a quantity, large or small, of really smart consumer mailing pieces. Multilith can provide them, for it reproduces all classes of illustrations including photographs, hand-lettering or type-text and color work in accurate register.

● Tomorrow may call for any one of many usual duplicating jobs—forms, bulletins, letters, reports. Again Multilith can provide them—quickly, economically. More uses and more quality enable Multilith users to produce more of the duplicated material they need—as they want it—when they want it.

Let us prove it . . . Write for complete information and portfolio of actual samples of Multilith duplicating. And see a convincing demonstration at your nearest MULTIGRAPH SALES AGENCY. Consult principal city phone books for Agency address.

Multilith
TRADE MARK

ADDRESSOGRAPH-MULTIGRAPH CORPORATION, Cleveland, Ohio
Addressograph-Multigraph of Canada, Limited, Toronto
Sales Agencies in Principal Cities Throughout the World

the supers are O. K. Avenue No. 2 will consist of direct contact with consumer groups. Execution of the long-term campaign will be left largely to individual companies, with the institute's general staff cooperating. More prosaic efforts probably will take the form of cooking schools and direct consumer education in the low-rent, low-overhead economy on which the supers were built. Some supers probably will follow the lead of the Leonard Super Market in Houston, Tex., which recently subsidized a circus performance, entertaining 30,000 people.

Growth of the independent supers, which give manufacturers of nationally advertised brands large volume outlets, continues at an astounding rate, with sales biggest in densely populated areas where housewives shop from autos. So far the supers mostly have caught the masses—rather than the classes.

Fish Festival Ahoy

Brainfood industry will take a week to extol the value of its products.

DENIZENS of deep and shallow waters both fresh and salt will grace the nation's tables during the week of Oct. 2-9 if the National Fish Festival now



GOV. HURLEY of Massachusetts picks out a haddock to send to Gov. Merriam of California with invitation to the National Fish Industry convention. Similar invitations went to all the governors and to the President.

being organized under the leadership of the National Fisheries Committee at Boston continues its present headway. A National Fish Week sponsored by the Fishery Advisory Committee of the Secretary of Commerce at Washington will give the industry a striking opportunity to enlarge the market for this form of food. From Oct. 6 to 9 inclusive an industry convention will

be held at the Hotel Statler, Boston, for discussion of current problems of distribution and retailing of fish. Manufacturers of all manner of equipment identified with the fishing industry, communication companies, and service organizations are to be represented in the extensive exhibits scheduled for the Boston convention.

E. H. Cooley, manager of the Massachusetts Fisheries Association, Boston, is heading up the work of preparing the Festival and convention activities. The Festival project is the outcome of investigations which reveal that America's consumption of fish is less than 20 pounds per capita annually. Nearly 40 associations identified with the fish industry are cooperating throughout the country to make retailers, hotels, restaurants, clubs, chain stores, markets and the general public "fish conscious."

Broad Publicity Campaign

Free publicity and display material is being widely distributed by the committee at Boston, including over 100,000 window strips, over 500,000 menu stickers, over 1,000 sets of posters, and innumerable newspaper mats and copy for local use. From Maine to California vigorous efforts are being pushed to expand the fish market by prominent displays of fish, special menus, and advertising by print and radio. The Bureau of Fisheries is sending three releases per week to all news agencies plus 500 daily papers; the National Fisheries Committee is releasing similar material to a nationwide list of dailies and weeklies; and radio stations are to be featuring fish talks on cooking school programs. The committee is supplying these outlets with 100,000 recipe books to send to listeners.

Successful mail-selling essentials for the business man

What is the quickest way to get satisfactory results in selling by mail? There are established, well-nigh infallible methods—in the practices of leading mail-order concerns—copy appeals that have sold millions of dollars worth of merchandise—explicit details of mailing preparation and management grounded in innumerable tests—if you know what they are.



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By Earle A. Buckley

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Here is a practical manual that outlines essential mail-selling methods. The author, a veteran direct-mail writer, tells you specifically and understandably what you want to know about getting direct orders for your product, *profitably*, by mail. The book gives you in the quickest way the facts you need to check your mail-selling methods and to adopt practices that will improve results.

This book shows you:

- what products sell by mail
- what results can reasonably be expected
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- how to write effective sales letters
- what to put in the circular
- how to use reply cards and order forms
- how to make up lists
- etc., etc.

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Money and the Markets

Despite the two weeks that shook the world, the markets this week were just about where they started from before Hitler's ferocious speech.

DOMESTIC EVENTS this week cast their shadows beyond foreign affairs. Common stocks drew on internal business news for rallying power, while commodity markets reacted from their chauvinistic gains of a week ago. All in all the markets were just about where they started from when Hitler made his Nürnberg address on the 12th.

The non-ferrous metals, led by copper, had something left to show in the way of advances. Copper was up to 10½¢, one-quarter of a cent higher than levels prevailing early last week. Zinc and lead advanced correspondingly. Here the possibility of war entered into the price changes, but the better supply and demand situation in the metals was more important. Similarly, rubber held its gains, primarily because production controls promised a closer relationship between improving consumption and supplies.

Counter Movements

Throughout the war-threat period, stocks and commodities countered one another. Each new scare brought a wave of selling in securities and a wave of speculative buying in commodities—particularly cereals. Wheat was especially sensitive to rumors and reports. But when Czechoslovakia capitulated, the farmer was selling his wheat at the pre-Nürnberg price. Except for cursory profits and loss in between, it was as

if the two weeks that shook the world hadn't happened.

That became fairly apparent by the middle of the week. Carnegie-Illinois Steel announced a continuation of current prices for the third quarter, except for reductions in steel rails. Steel operations jumped two full points to 47.3% of capacity. Electric power, partly because of nasty weather, gained. Construction contracts awarded continued into new high ground.

Sterling Does Better

Such evidences of industrial recuperation were bound to assert themselves and shunt foreign affairs to the background in market considerations. And when Czechoslovakia finally accepted "with pain" the Anglo-French proposals, domestic developments again resumed dominance. Indeed, the improvement in foreign exchange quotations—sterling held firmly above \$4.80—was a sign that even Europe was recovering a measure of *sang froid*.

The bond market reflected this. U. S. government issues moved up sharply. The new U. S. Treasury 2½s of '52, which sold down close to par shortly after issuance on Sep. 15 (BW—Sep 17 '38, p. 51), emerged into new high ground well above 101. Corporates were likewise strong, as were European liens—all except Czechoslovakians.

On Wednesday, when the partition

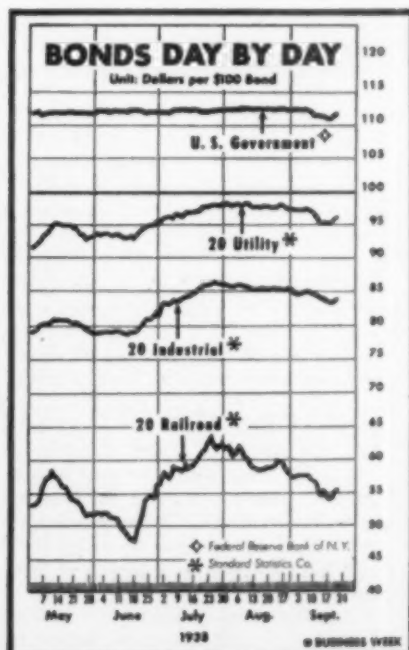
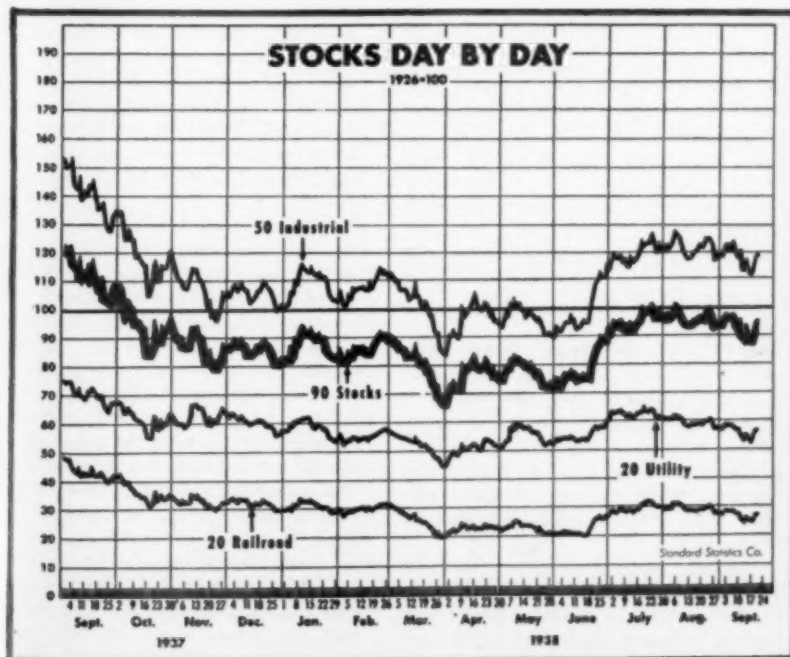
of Czechoslovakia became merely a matter of signing papers, German, French, Italian, Polish, and Yugoslavian bonds rose from one to three points. But the "bloodless verdict of the market place" wrote Czech values off from 6¢ to 10¢ on the dollar. From a high of 105 this year, Czech 8s were down in the 70s. Strangely enough, the low of 50 was made Mar. 24, some 10 days after Hitler annexed Austria. The severe markdown in Czech quotations then was due to fear that Hitler would march, and absorb Czechoslovakia just as Austria had been assimilated—with Reich currency, control of foreign exchange, and blocked payments of interest on bonds. The hope is that in the present "plan" for Czechoslovakia it will remain a separate and distinct state with its own fiscal controls—to strive as it may to service honorably its financial obligations.

The decline in Czech bond values is just another addition to the list of headaches suffered by American holders of Central European obligations.

But with the strength in other sections of the bond market, new offerings of domestic issues are expected to come along. The reporting member bank statement shows a further revival in confidence in domestic business. Commercial loans were up \$17,000,000 to \$3,905,000,000, as compared with a midsummer low of \$3,865,000,000 on Aug. 3. Business men, apparently, are plucking up courage to go to banks for full expansion of inventories.

Auto and Steel Prospects

The rise in steel operations is another pointer to better conditions ahead. Miscellaneous buying has kept



the mills busy, and automobile companies looking forward to a 1939 25% better than the 1938-model year, will shortly add to their purchases of steel. The railroads, though they will be helped by the moderate cut in rail prices, are not apt to break their backs in a rush to buy. The reduction will be welcome, but the railroads—with a wage cut settlement still ahead—are apt to buy only necessary supplies.

As for the heavy industries, probably the most hopeful suggestion of continued recovery is building. Heavy engineering construction awards for the week ended Sep. 22 were at the best level since June 24, 1937. Public construction accounted for by far the largest part of the total of \$82,252,000—which is just another indication that the federal government is in there trying to promote recovery. And Federal Housing Administration mortgages have been increasing, too.

In the consumer goods field, retailers have found it necessary to go to the manufacturers and wholesalers to replenish stocks on hand, as *Business Week* indicated would be necessary early last month (*BW—Aug 6 '38, p17*). And unless there is unusually unseasonable weather, indications are that some time this year, sales at retail will approximate, if they do not surpass, last year's levels. When and if that happens, both non-durable goods and durable goods will be moving higher together for the first time since last fall.

Rail Deadline—At the last session of Congress, President Roosevelt left the railroads at the post on helpful legislation, when Senators and Representatives decided they'd rather go home than fight out whether the carriers ought or ought not to have help in the face of rail union opposition. Now, apparently, on the edge of a threatened strike, the President is trying to bring labor and management together.

He has asked the unions and management to confer on a draft of railroad rehabilitation measures for the coming Congressional burst of oratory. But the unions want to put an end to the railroad demand for a 15% wage cut. That has stalemated a legislation agreement—for the time being. In the meantime, railroad securities have not been giving any too good account of themselves.

More Trouble—As if the wage issue were not enough, Eastern railroads are faced with that little matter of passenger fares over which there was so much to-do before the ICC. When coach fares were originally cut from 3¢ to 2¢, buses met the reduction as a means of holding onto their business.

But this time, when the Eastern roads upped the fares, the buses did

Tax-Exempts

THE TREASURY, in cooperation with the Bureau of the Census, this week prepared the way for action by Congress on tax-exempt securities at the coming session, by issuing a detailed report on the amount of such securities outstanding.

The study revealed that out of a total of \$65,648,000,000 wholly- or partially-exempt federal, state and local government securities, \$15,126,000,000 were in the hands of federal or local government agencies, leaving a total outstanding in the hands of non-governmental investors of \$50,522,000,000 broken down as follows:

Issuer	Wholly Exempt Partially Exempt (in millions— 000,000 omitted)	
	Wholly Exempt	Partially Exempt
U. S. Government...	\$11,600	\$18,236
Federal Agencies...	1,393	4,319
State and Local....	14,854
Territorial, etc.....	120
Total	\$27,967	\$22,555

What stands out is that more than 53% of investor-owned wholly-exempt securities have been issued by state and local governments. Which indicates where the squawk will come from when the President seeks to put through Congress his proposed "short and simple statute." States and municipalities will have to pay higher interest costs on the money they borrow once tax-exemption ends; will not be able to get as much back in tax collections as will the federal government, because state income taxes do not run as high.

not follow suit. Result: passengers who had been weaned away from bus lines strayed back, and others also tried the highway to go places. And now it looks as if the railroads, instead of benefiting, from the rise in passenger fares, will feel the change in their profit and loss accounts. The new rates went into effect late in July. So it's still too soon to come to any final conclusions.

That "Ham" Dividend—If you look up the dividend reports of large fact-recording statistical organizations you will not find the recent distribution of deviled ham to stockholders by Wilson & Co. The reason is that Wilson did not plan the mailing as a dividend, the ham was not allotted according to shares held.

Instead, each stockholder received a tin—as a sample to stimulate a taste for the company's product. Banks and brokers were not among the regular re-

cipients. The company was not interested in sending a sample to an institution. But if bankers or brokers specifically sent in a bid for a tin, the company honored the request.

All of this is simply to make the point that "dividend" is a misnomer.

Tries Hard to Delist

Dominion Stores, a Canadian firm, begs N. Y. Exchange and SEC to end U. S. "taint."

BACK in the late 1920's, when Dominion Stores, Ltd., an up and rising grocery chain in Canada, sold common stock to American investors and listed its shares on the New York Stock Exchange, no one realized that a decade later those acts would be held against it.

Those were prosperous days. Business relations between Canadian and American companies were entirely cordial, and public antipathy toward American business enterprises in Canada was negligible. But then came depression, intense competition, and "Buy at home" slogans. Just as Hearst tried to popularize "Buy American," here, and the British press plugged "Buy British," so Canadian sentiment developed into "Buy Canadian."

U. S. Ownership Hurts Sales

Companies with American affiliations felt the pinch. F. W. Woolworth, the Great Atlantic & Pacific Tea Company, Kress and other American chains felt the effects. And Dominion Stores, even though it was a Canadian enterprise, under Canadian management, did not escape. When sales began tapering off and Canadian competitors benefited from the fact that American ownership of a large percentage of Dominion Stores common stock hurt that company's sales, the management decided to remove the taint of American affiliation, and applied to the Securities & Exchange Commission and the New York Stock Exchange for permission to remove its stock from listing on the New York Stock Exchange. (The officers felt the Stock Exchange listing "advertised" the American ownership.)

Ordinarily—if it can be shown that investors will not be hurt by striking a stock from the list—the exchange readily grants such permission. But in this case, with 40% of the stock held by American investors, with some 100 stockholders opposing the plan, the exchange felt delisting was unjustified.

The exchange argued before the SEC that in the twenties, the company sold stock in this market on the pledge that it would list its stock on the "Big Board" (which it subsequently did); and the exchange further pointed out that to remove the stock now would

deprive market, stock (changes.

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deprive those buyers of an American market, would force them to sell their stock (or buy it) on Canadian exchanges.

To this the company replied that having a listing on the New York market hurts its business, entails expenses of filing reports with the SEC and maintaining a transfer and registrar office in New York, places it in an embarrassing position with respect to shareholders who fail to comply with SEC rules and regulations about making reports on purchases and sales.

In reaching a decision to oppose the company's application to delist, the exchange fell back on its listing rule which says: "It is the settled practice of the exchange not to strike it [a security] from the list unless . . . the removal . . . has been approved without opposition by any substantial number of individual stockholders." The exchange Committee on Stock List regards 100 shareholders (about one-third of the American shareholders that balloted) as a "substantial number."

Setting a Precedent

This is the first time the exchange has opposed an application to delist; thus the case takes on a precedent-forming quality. And if the SEC denies the company's application, that in itself will provide a precedent. It will serve as notice on corporations that shares once listed on a national securities exchange are not easily removable.

The management of Dominion Stores, moreover, established a precedent. The SEC has no means of enforcing its ruling on a foreign company; nor has the New York Stock Exchange. Yet the company, anxious to make a cordial break in its relations, went through the formality of applying for permission. There is a business reason, too: if the company ever wanted to finance again in this country, it would be unable to get SEC permission to do so, had it withdrawn from the New York market without so much as a "by-your-leave."

Drop in American Ownership

When and if the SEC grants permission to delist, Dominion Stores plans to list the stock on the Montreal Stock Exchange, which will give it an all-Canadian market. The stock is now traded in at Toronto, where the market is slightly more active than on the New York exchange. The effect of delisting here, moreover, may tend to hasten the movement of shares into Canadian hands—as Americans sell and Canadians buy. Back in the twenties about 80% of the stock was owned on this side of the border. Today, American ownership has dropped to around 40%—along with the price of the stock, which in 1929 was above 50, is now around 5.

How to INCREASE PROFITS with bank service



Commercial banks are in business to help business. Their resources and services are used by business men to increase volume and profits and to operate more economically.

Profiting through commercial loans

Commercial loans are for such widely varied purposes as to take advantage of cash discounts, to replenish inventories, to buy raw materials, to carry increased accounts receivable. Such loans are continually being made with profit to customers and to this Bank.

Profiting through commodity loans

This Bank loans on marketable staples held in a warehouse. Such borrowing enables the customer to make more frequent use of his capital.

Profiting through credit information

Through a worldwide network of correspondents quick and accurate credit information can be obtained for customers. With the help of it, profitable trade connections are often established and credit losses avoided.

Profiting through foreign exchange reports

Merchants who export and import should have a service which provides up-to-the-minute rates on foreign exchange. This Bank maintains such a service. Through it, customers are able to avoid unnecessary exchange losses.

* * *

Outlined above are but a few of the services which this Bank renders to enterprising men. *Your* inquiry will receive prompt consideration.

BANK of the MANHATTAN COMPANY



CHARTERED 1791

NEW YORK

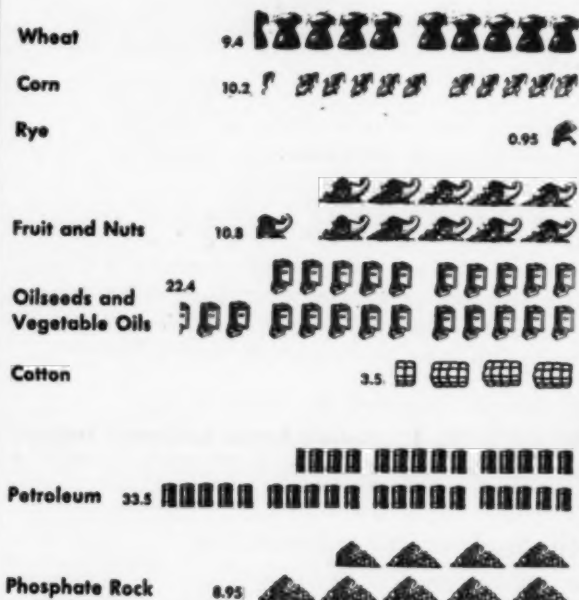
Member Federal Deposit Insurance Corporation

BEHIND THE CRISIS IN EUROPE

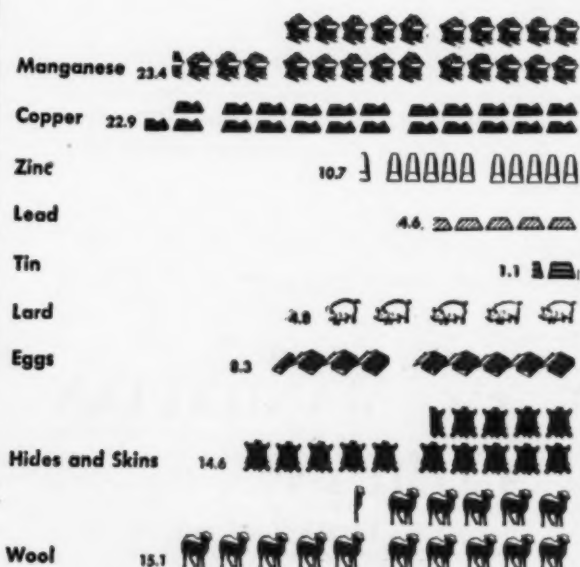
Hitler is maneuvering for control of the raw materials of all of Central Europe, not just for the Sudetens. Czechoslovakia is but one of six countries in this region which have resources which Germany covets. And if the nationalistic tariff barriers of Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and Yugoslavia could be broken, the Reich's surfeit of manufactured goods would flow freely to this great market of 100,000,000 people. Before he was chancellor, Adolf Hitler laid down a plan for bringing the entire region under the economic domination of Berlin. "German Austria will have to return to the great German Motherland," he wrote back in 1924, and from that point went on to lay down a vast program which included as one small part the return of the German minority in Czechoslovakia, but as the major theme the building of a great economic bloc which would ultimately extend to the Soviet Ukraine.

Germany—including Austria—now imports these vital raw materials:

(1 unit=100,000 metric tons)

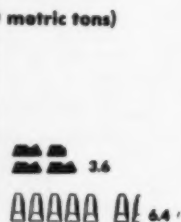
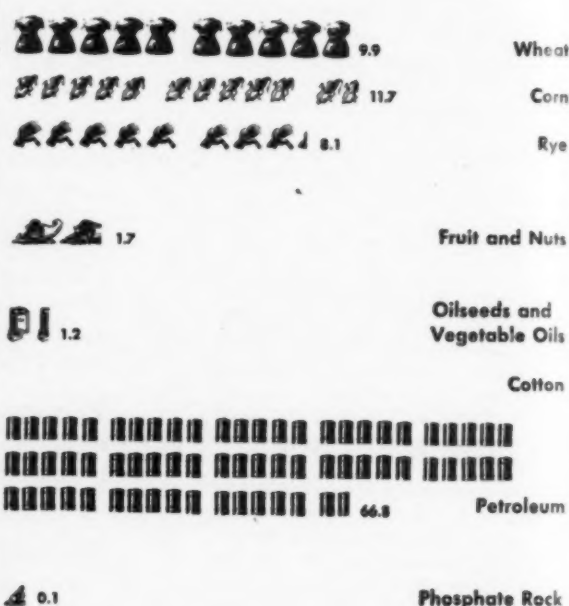


(1 unit=10,000 metric tons)



Data: League of Nations.

The six coveted countries can export this quantity of these materials:



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BUSINESS ABROAD

World recovers from war jitters, anticipates localized troubles in Europe, but sees major crisis postponed. Hitler's Germany becomes master of the Danube in new *Drang nach Osten*.

From Wireless and Cable Reports by Business Week's Foreign Bureaus and Correspondents

LONDON led the way in the comeback of European markets following the recent Czechoslovakian capitulation. Whatever thoughts they may have had on the ultimate wisdom or justice of the demands which the French and British government had imposed on the Czechs, British traders obviously were bullish over the outlook for the immediate future. In the week following Chamberlain's flight to Berchtesgaden, markets have practically recovered all of the losses growing out of the war scares. In spite of restraint during the Godesberg talks, there is little belief that London traders are more than playing safe until there is no longer any chance for a slip in the Hitler-Chamberlain negotiations.

Markets Recover

Paris, Amsterdam, Rome—even Berlin—followed the lead of London. In Prague, there was a scramble to unload shares of those industries in the Sudeten region, but at the same time substantial demand for the shares of leading companies located away from the "lost" zone.

Commodities held their recent gains—except the war favorites—wheat and sugar. Liverpool led the decline in wheat, but attributed a part of the price drop to fresh offering of Argentine grain at prices well below the Canadian figure.

Foreign exchanges firmed all along the line, with the pound rising almost to \$4.83 in the first rebound. There was extensive covering by those who had sold short during the crisis. All categories of German marks were stronger.

Exports Are Halted

At the beginning of the week war risk insurance rates were boosted to levels nearly 100 times what they were a month ago. Rates varied from 12½¢ to 50¢ on \$100 of cargo, depending on what ships it was being loaded and to what countries it was destined. Top rates applied to shipments of goods for Germany on German boats, and to goods bound to Europe from Shanghai through the Suez Canal.

It was this prohibitive insurance rate which put an abrupt end to the flood

Europe Tomorrow

WEEKS OF FEAR that major war was imminent ended this week with a rousing advance on all world markets when Czechoslovakia, under pressure, capitulated to Berlin.

It is a Hitler victory, and paves the way for Germany's long-planned *Drang nach Osten*. Within a year, the Reich has increased its population 10,000,000, and established beyond question its dominant control over Central Europe.

Abandoned by both its western and eastern allies, Czechoslovakia—though it probably will come through the partitioners' wringer with a larger population than Switzerland, Belgium, or the Netherlands—is reduced to military insignificance and economic impotence. The Little Entente as a political factor is buried.

Intensified German penetration of the Balkans will begin almost immediately and will probably soon smother out recent half-hearted British efforts to buy, with loans, a share of the trade in this region.

Amputation of the industrialized Sudetenland will close a second (after Austria) European market to unrestricted trade with the United States, for Germany will incorporate it into the unorthodox barter and exchange system of the Reich. Since 1931, however, the United States has maintained only an insignificant slice of the markets of most of central and southeastern Europe.

Anglo-French prestige among the smaller states of Europe is dwindling. Rearmament will be intensified, not abandoned. In the United States, even those who were reassured enough this week to rush into the market, speculated as to how long Europe's newly imposed peace can last.

of gold bound from London to New York, but it also left New York exporters with stocks of goods on the docks which they could not afford to ship if there was any prospect that these rates would soon be reduced to normal. Most shippers looked for a removal of the emergency rates as soon as the Godesberg talks were completed and the details of the Czech compromise revealed.

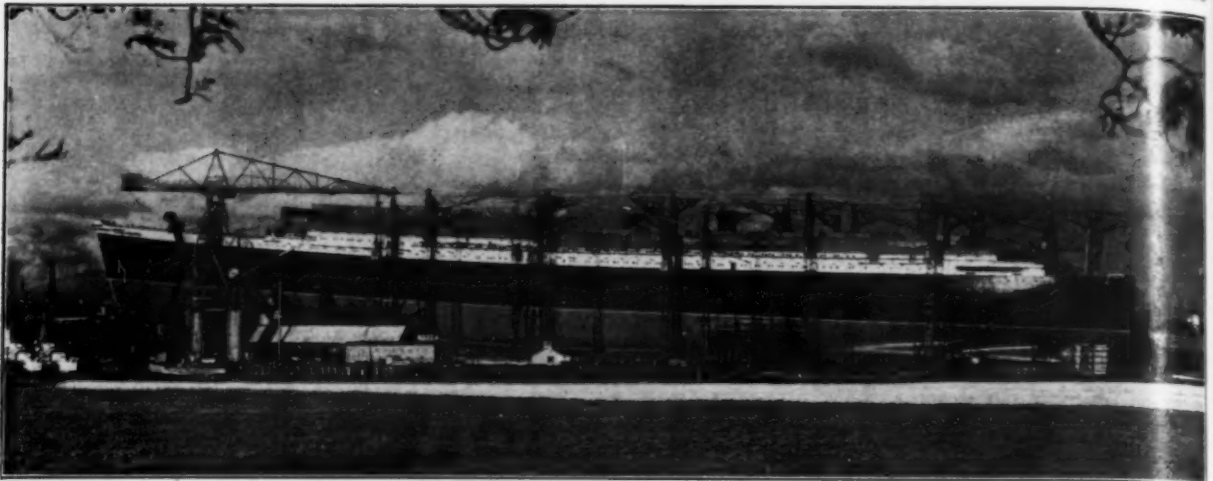
What's Ahead

Europe feels that the big crisis has passed. Minor disturbances are bound to develop before the repercussions from the present situation are cleared up and remaining problems solved. But business will gradually learn to take these in its stride, will steer its investments to other regions, and will look to markets in other parts of the world. Central Europe will become Germany's preserve. If and when it can be administered profitably, the rest of the world will feel the influence through the improved economic position of Germany itself.

Great Britain Watches—Like Hitler, British business wants a quick settlement of the Czech crisis. For two weeks, all business has been paralyzed with fear. Orders have been cancelled; retail sales have slumped; export shipments are at a standstill. Almost the only bright piece of business news is the report that building plans approved in August topped the figure for August of last year by almost \$3,000,000.

Speculation is rife over the demands that Chamberlain is thought to have made on Hitler in return for British cooperation in settling the Czech crisis. On the assumption that the Führer's prestige will skyrocket at home, it is believed he may be willing to yield to London on such important questions as Spain. But another group here is bitter and looks for a severe political battle with the Conservatives who are expected to split behind Chamberlain and Eden. A general election is possible before the end of the year.

France Divided—French business leaders have recovered from the war scare but they are not optimistic over



READY FOR LAUNCHING—The largest vehicle ever built by man, the 85,000-ton Cunard White Star Liner *Queen Elizabeth*, waits in her Glasgow shipyard for her launching and naming September 27 by England's Queen.

the outlook. There is a bitter cleavage of opinion over the course Paris has taken, and this is likely to precipitate a parliamentary crisis. And with the immediate danger of war removed, no cabinet will be able freely to act in the high-handed manner that the Daladier cabinet did in settling the Marseille dock front strike.

Relieved for the moment of the strain in Europe, Paris is expected to turn to an intensive development of the French colonies. It will be part of a defense program, but one which some day may pay dividends. Other defense expenditures will continue at their present rate, as long as France can stand the financial drain.

Germany Is Jubilant—"Nothing succeeds like success." Hitler's prestige has never been higher than it is this week. In spite of the economic strain which is bound to continue for a long time, German stock markets were buoyant this week. Business leaders and the public are frankly relieved. They look for momentous developments in the next few months.

Plans are already being formulated for a new trade drive in the Balkans and the Near East. Industrialists anticipate the day when they can satisfy a growing portion of their raw material demand from a region they can easily dominate (page 42).

Russia Is Grim—There is little satisfaction over the German victory in the Czech crisis. The Kremlin made almost no official commitments on developments of the last few weeks. But there is little doubt in Moscow that the Soviet Union would have met its treaty obligations had France acted. Moscow knows that it is not likely to be long before Germany becomes a next-door neighbor.

Supplies have been stored in the Soviet Union since the outbreak of hos-

tilities in China, and industry is beginning to regain the momentum lost during the purges. The pace will be speeded up, with probable large new equipment orders placed in the United States. When foreign trade figures for the first half of 1938 were released,

they showed that the United States had supplied one-fourth of all incoming goods. Imports from Germany had shrunk to \$6,000,000, or about one-fifth the figure for the corresponding period of last year, when the Third Reich held first place.

FOREIGN ANGLES

FIRST PLANE FROM CANADA

DEHAVILLAND AIRCRAFT, Toronto, this week shipped the first of 200 military plane bodies to Britain, and is preparing to expand its plant at once to speed this important British business. The planes for Britain are being shipped in parts, according to the "shadow plant" scheme of building mass production formulated in London. Aircraft men say that it will be two years before complete planes are shipped by Canadian assembly plants.

EXPORT OPPORTUNITY

EXPORTERS are preparing to capitalize on the reciprocal trade agreement with Ecuador which becomes effective Oct. 1. Flour exporters estimate that the 50% duty cut gives them a good chance to boost their business at once. The 20% cut in lard duties should help Americans gradually to recover a once profitable business.

PARKING DIVIDEND

THE false rumor that Wilson & Co. recently paid a dividend in one of its canned meat specialties, has given a Canadian garage dealer an idea. When the Bay-Adelaide Garage, Ltd., of Toronto, paid back interest on its first mortgage bonds recently, about 10% of the amount that would have been due bondholders had already been paid off in parking privileges. Many of the bonds are held in the financial district

of Toronto, where the garage company operates.

RED TOYS

HOLIDAY toy business is booming in the Soviet Union. Leningrad toy factories have just reported that they are making 800 kinds of toys this year. Soviet boys prefer mechanical and military playthings, but girls insist on dolls.

CAN CZECHOSLOVAKIA DELIVER?

RETAIL executives are worried over big shipments of Christmas merchandise due from Czechoslovakia during the next month. Much of the glass and chinaware for which Czechoslovakia is famous comes from Bohemia, a part of which is bound to be badly unsettled for a long time because of the Sudeten situation. Factories which are in the region likely soon to become a part of Germany will lose the benefits of the tariff advantages won in the recent reciprocal trade agreement with the United States.

ANOTHER ATLANTIC AIRLINE

AMERICAN EXPORT AIRLINES, INC., subsidiary of the American Export Lines—a shipping service between the East Coast and Mediterranean ports, has purchased a \$200,000 flying boat for survey flights across the Atlantic, presumably over the southern route paralleling its shipping line.

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70,000,000 Japanese Turn to Synthetics

Nippon's munitions industries are using up all available supplies of many raw materials. Here's a list of the items affected, the countries which supply them, and the substitutes which are gradually replacing them. As long as hostilities continue, American trade losses through the substitution of imported goods will be made up, to a large extent, by armament sales. But in the immediate post-war period, whenever that comes, there is likely to be a slump in demand for American goods.

Original Material	Where Used	Countries Affected	Substitutes
Iron and steel	Civil engineering; domestic building and hardware articles	Ores: Straits Settlements Scrap: United States Steel: United States, Germany, Belgium	Concrete, pottery, bamboo
Copper	Household articles, electrical engineering	United States	Aluminium
Tin	Tinfoil	Federated Malay States	Aluminium
Nickel	Ferrous alloys	Canada	Chromium
Lead	Part of bullet cores	United States	Antimony
Cotton	All items for domestic consumption and exports to Manchukuo and China	United States, British India	Rayon, staple fiber
Wool	Clothing except export goods	Australia	Staple fiber
Hides and leather	All leather goods	United States, Australia	Fish leather, vulcanized fiber, artificial leather
Oil and petroleum	Fuel and lubricants	United States, Netherlands Indies, Mexico	Alcohol-gasoline mixtures, benzol, synthetic oil, charcoal and woodgas; electric vehicles
Rubber and balata	Insulating material	Netherlands Indies, Federated Malay States	Synthetic rubber from alcohol, coal, soya beans, etc.
Meat		Argentina, Australia	Whale meat

Synthetic Camphor

Despite monopoly of natural product, Japan is forced to make substitute to meet world competition.

TOKYO (Business Week Bureau)—Twenty years ago, when Japanese silk manufacturers began to realize what keen competition artificial silk might provide for their trade, they decided to take the matter in their own hands, and built up the world's largest rayon industry.

A few years later another synthetic product began to make inroads on a Japanese monopoly. That was synthetic camphor from Germany. This time the Japanese decided to do nothing about it. They managed at all times to sell camphor at competitive prices. This was made possible by use of byproducts in making aromatics and perfumes.

Here again the competition from coal-tar products has become so serious that the Japanese have at last been forced into the manufacture of synthetic camphor. The Reclaimed Camphor Co., Kobe, has been producing at the rate of 1½ tons a month since last March. The firm had to break through a heavy cordon of red tape before it could start production, for camphor manufacture is a Japanese government monopoly. However, when the monopoly law was enacted 35 years ago, the

legislators of that pre-synthetic age had happily forgotten to include "artificial" camphor in the statutes.

Now the Monopoly Bureau is making preparations to do a little synthetic production itself. A factory is under construction which is designed to produce at the rate of 10 tons a month.

Canada Looks Ahead

Markets react to European crisis but business builds plans for winter expansion.

OTTAWA—Overshadowed by the fluctuating war scare, Canadian business is moving uncertainly. Most affected are the securities and commodities markets. While responding daily to the alternating brighter and darker European reports, the general trend of the securities market was down as long as Europe was unsettled. Mining shares show no greater resistance to war threats than industrials. Grain prices strengthened as securities weakened.

General business activity is not seriously affected. Improved rail business is seen both in increased carloadings and railway earnings as September advances. Canadian National Railways have now joined Canadian Pacific in showing a gain in earnings over the same period of last year. To Sept. 10, carloadings for the year at 1,605,000

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were only 160,000 under last year's.

Shifting of Canadian orders for anthracite coal from Great Britain to the United States is an initial direct effect of unsettlement in Europe. Causes are greater demand for British coal in Europe, increased British mining costs due to armament activity, the persistent fear of higher ocean rates in event of war. One result is the removal of an issue in the trade treaty negotiations. Washington wanted Canada's 50¢ duty on U.S. anthracite removed but now sees less necessity for this.

Germany Wants Alberta Oil

Calgary, center of Alberta's oil activity, makes the headlines more frequently as Europe flirts with war. Current interest is in a proposal of Germany's Tropicorp, Inc., to build a \$16,000,000 pipeline from the Turner Valley field to Vancouver and take payment in oil, presumably to ship to Germany. The offer, made to the Alberta Petroleum Association, has been placed before the provincial government for consideration. It follows examination of the Alberta field in behalf of Great Britain as a possible source of war fuel. British American Oil Co. is starting construction of a \$1,350,000 refinery at Calgary.

Public Relations Campaign

Business of Dominion Stores is responding to the company's public relations campaign attacking chain store taxes and to better consumer buying. For the 4-week period ended Sept. 10 the sales decline from last year was the smallest since February, being 1.75% compared with 7.44% for the previous 4-week period. Sales totaled \$1,374,000, compared with \$1,399,000 for the like 1937 period.

New Products Boost Sales

Smaller, cheaper, more modern tractors and combines are, next to greater farm buying-power, responsible for increased sales by Massey-Harris Co., Canada's No. 1 farm implement manufacturer. Tractor Model 101 has self-starter, Chrysler 6-cylinder engine, and hauls two plows. A new 6-foot combine sells for \$775 compared with \$925 for the 8-foot size. These two units are jumping sales, the latter selling to eastern farmers who hitherto had not taken to combines. Around 27% of Massey-Harris' \$25,000,000 business is in the United States.

Air Express for Dominion

Long-distance air express is being inaugurated in Canada. Effective at once, Trans-Canada Air Lines, in a deal with Canadian National Express, will carry express on the daily mail planes between Winnipeg and Vancouver. Later the service will extend coast to coast.

Business Week

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EDITORIALLY SPEAKING

FRANK R. COUTANT, research director of Pedlar & Ryan, advertising agency, says there are only 20 men in the United States qualified to test advertising copy . . . Have Townsend & Townsend trained that many?

CAVALCADE: A cattleman in San Luis Obispo, Calif., has asked Paul King of the San Joaquin Light & Power Corp. to invent an electric branding-iron. . . The Prospect Park Zoo, in Brooklyn, became a duller place for children after Bill the elephant shoved his girl-friend Hilda into a moat, mashing her up so badly that she had to be destroyed; so Abraham & Straus' department store has rushed to replace Hilda with another elephant of the same gender, who is now on the way from India. . . John Wanamaker's, New York, has decided that its closed-Monday-morning and open-Monday-evening policy is no longer suitable, now that summer's gone.

Can you remember the days when people took a street-car ride for diversion and fresh air? . . . The Baltimore Transit Co. recently tried to revive that summer pleasure by establishing a six-hour evening excursion ride. . . That seemed fine at first—but soon the young folks on the cars began cavorting and yahooping and yodeling and barber-shop-chording, spoiling the repose of their tired elders, who wanted to do nothing but sit.

MACFADDEN PUBLICATIONS boast that Scott Paper Co. hyped the sales of its Waldorf Tissue by advertising it in several "romance" magazines. . . Just the place for it—what could be more romantic than "tissue"?

OUR TIMES: Walgreen is opening 12 new drug stores this month—and one of them, in Louisville, is a drive-in store. . . It's set back from the street, and a parking lot is provided for motorists. . . H. G. Hills, president of Hills Brothers' Coffee, Inc., has written to the Milwaukee Journal to deny a rumor prevalent in Milwaukee "that Hills Brothers are pro-Nazi, and have donated a sum of money to a Nazi campaign."

More than 11,000 parcels of land are involved in Henry L. Doherty's sale of a half interest in his Florida and Bahama properties to his associate, George MacDonald, utility organizer. . . The price is above \$5,000,000. . . Mr. MacDonald is a director of Mr. Doherty's Cities Service Co. and also of Consolidated Oil Corp., Petroleum Corp. of America, Manufacturers Trust Co., and Hotel Waldorf-Astoria Corp. . . Among the de luxe properties in the

transaction are the Palm Beach Biltmore and the Whitehall Hotel, Palm Beach; the Miami Biltmore Hotel and the Roney Plaza Hotel, Miami Beach; the Key Largo Club in the Florida Keys, and the British Colonial Hotel, Nassau, Bahamas.

WHAT'S NEW? Grindrod Process Corp. says its method of sterilizing and vacuum-packaging milk will make it keep indefinitely, and so large quantities can be bought at a single time and the milk wagon will soon become a memory. S. J. Wynn has developed a rice product that looks like popcorn. . . It's getting a sales test at the East India Curry Shoppe, New York. . . Glass Coffee Brewer Corp. is making an all-glass filter rod for use with glass coffee-makers of the vacuum type. . . The rod fits most such coffee-makers and is said to permit the brewing of good coffee without the use of paper, cloth, springs, or hooks in connection with the filter. . . Also, with this rod you can use your coffee-maker to brew tea.

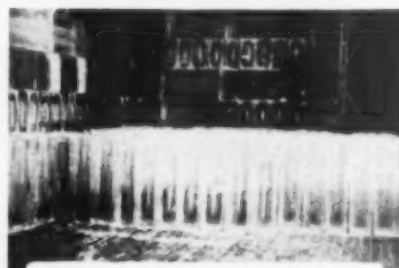
"IF THE CHUTE was only 109.09 feet long," writes J. Wesley Wilson of Glassboro, N. J., who dissents from the solution of the shoot-the-chute problem as given in this column recently, "the inspector would ride uphill for only 27.27 seconds and downhill for 2.73 seconds, or for 30 seconds less than advertised for the whole ride. The answer should be 218.18 feet." To this the Gentleman on the Statistical Desk responds: "109.09 feet up; 109.09 feet down; 218.18 feet total—I think."

IN YOUR EAR: A number of savings banks will adjust themselves to uncertain conditions by cutting their interest rates. . . Paradoxically, the cancellation last week of the October visit of 300 British steel men and other metallurgists was due to the fear of war—although the fear of war was one of the reasons why the visit had been planned. . . You see, Hitler's new crisis upset the British expectation that war was far off and that there would be plenty of time to discuss long-range plans for fitting the American metal industries into the British rearmament program. . . Procter & Gamble's new liquid dentifrice is now called Teel, but the first name chosen was Drex, to harmonize with P. & G.'s laundry chips, called Dreft, and with their shampoo, Drene. . . "Drex" was hastily ditched when P. & G. and the H. W. Kastor advertising agency discovered that millions of people who know German might jocularly identify the name with a certain German word, spelled differently but pronounced similarly.

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The Cold Facts on Europe

WHETHER OUR NATURAL SYMPATHIES for the under dog incline us just now to feel for the "oppressed" Sudetens or for the brow-beaten Czechs, abandoned by their friends, we should not permit them to obscure the real issues of the current crisis in Europe.

Chancellor Hitler did not risk war with France, Britain, and the Soviet Union merely to bring three and one-half million Sudetens back into the Reich. His goal is something far beyond Sudetenland, and Prague. It is in the rich oil lands of Rumania, the vast grain fields of the Ukraine, the teeming markets of the East.

As long ago as 1924, while he was a political prisoner in Munich, Hitler outlined to a handful of supporters his plan for the future expansion of Germany. It is still the draftsman's model for world power.

"Not until the confines of the Reich include every single German and have proved inadequate to nourish them can Germany claim a moral right to acquire territory abroad," wrote the little-known Nazi leader in 1924. "We demand the right of self-determination for all Germans," thundered the Führer at Nürnberg in 1938. For the present, only the minorities issue is being tackled. But, behind each successive move, the economic problem of making Germany a world power is the major consideration.

"After the Sudetens—what?" a bewildered world is asking. But no one need be in the dark over Hitler's next moves and ultimate plans. Probably no statesman ever has broadcast his purpose so far into the future and adhered to it so consistently.

EVERY GERMAN KNOWS "My Battle," the Hitler autobiography and "guide to world power." So do Neville Chamberlain, Edouard Daladier, Joseph Stalin, and every foreign office in Europe.

What is the picture of the future laid down so boldly by the Führer in his book?

1. Expansion is necessary.

"Nothing but sufficient space on the earth ensures freedom of existence to a nation. The Nazi movement must attempt to remove the disproportion between our population and our area—the latter seen both as the source of nourishment and the basis of political power.

"The frontiers of 1914 mean nothing in respect to Germany's future. They were no protection in the past nor would they mean strength in the future.

They would not give the German nation internal solidarity, nor would they provide it with nourishment; from a military standpoint they would not be suitable, nor would they improve our present situation with regard to the other world powers."

2. Colonies are not in the plan.

"Instead of a sound territorial policy inside Europe before 1914, our political leaders preferred one of colonies and trade. It would have been better to strengthen Germany's power on the Continent by winning fresh territory in Europe."

3. Germany's future is in the East.

"We curb the Germanic flow towards the south and west of Europe, and turn our eyes eastwards. We have finished with the pre-war policy of colonies and trade, and are going over to the land policy of the future. When we talk of new lands in Europe, we are bound to think first of Russia and her border states."

Craftily as it was phrased, one of Hitler's most recent allusions to Russia failed to disguise the dreams of his more expansive moments:

"If the Urals with their incalculable wealth of raw materials, the rich forests of Siberia, and the boundless cornfields of the Ukraine lay within Germany, under National Socialist leadership the country would swim in plenty. From them, we would produce enough for every single German to live on."

HERE, THEN, is the framework of the vast plan. The absorption into the Reich of the Sudeten Germans is only one small step toward it. It is simply the most dramatic thus far, and the one that was expected to bring effective opposition to the Hitler dream.

It is in the cold light of this far-reaching program, rather than by the merits of the Sudeten conflict, that we must appraise the march of European events.

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